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California, Legislature, Assembly, Interim
Committee on Education

Meeting of The
~~ASSEMBLY INTERIM COMMITTEE ON EDUCATION~~
SUB-COMMITTEE ON SCHOOL DISTRICTS' CONSTRUCTION FUNDS

Held in
Room 39, 150 Oak Street
San Francisco, California

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Wednesday, October 22, 1958.

10:15 O'Clock, A.M.

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WILLIAM M. CASTLE
CERTIFIED SHORTHAND REPORTER

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ASSEMBLY INTERIM COMMITTEE ON EDUCATION,
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A P P E A R A N C E S

---oOo---

Members of the Sub-Committee Present:

Assemblyman Carl A. Britschgi, Chairman of the Sub-Committee
Assemblywoman Dorothy Donahoe of Bakersfield
Assemblywoman Pauline Davis of Portola
Assemblyman Sheridan Hegland of La Mesa
Assemblyman Don Anderson of Monterey Park
Assemblyman Leverette House of Brawley

James Marshall, Committee Consultant
Blanche Hansen, Committee Secretary

Others Present:

Wm. Barton, California Teachers Association
A. B. Campbell, Berkeley Unified School District
Mrs. Walter C. Fell, A.A.U.W., Calif. State Division
A. H. Glantz, San Mateo County Supt. of School office
Robert Hanley, California Farm Bureau Federation
Ralph L. Harmer, Santa Clara County Supt. of Schools
Lee W. Harris, Marin County Supt. of Schools
Herb Jaqueth, State Allocation Board
Gilbert G. Lentz, Legislative Analyst
F. C. Michell, Oakland Public Schools
John C. Munt, Jr., Laguna Salada Union School District
O. H. Olson, San Mateo County Coordinating Committee on
Youth Guidance
Mrs. Donald C. Sutcliffe, League of Women Voters of Calif.

WILLIAM M. CASTLE

CERTIFIED SHORTHAND REPORTER

1 WEDNESDAY, OCTOBER 22, 1958, 10:15 O'CLOCK, A.M.

2 ---oOo---

3 CHAIRMAN BRITSCHGI: May the meeting come to order,
4 and we will get started on this. We have some very important
5 reports this morning, which I know the committee is very inte-
6 rested in hearing.

7 First, I would like to introduce to you the members
8 of the committee.

9 On my far right is Sheridan Hegland, who is the author
10 of AB 3903, from San Diego.

11 Sitting next to Sheridan Hegland is Leverette House
12 from Brawley -- and he may be a little bit ill today, coming up
13 here into the cold weather from a hundred and twenty degrees
14 yesterday. We have quite a change for the man, and we are go-
15 ing to make it as comfortable for you as we can.

16 ASSEMBLYWOMAN DONAHOE: They had air conditioning in
17 Brawley. I will stick up for them.

18 CHAIRMAN BRITSCHGI: We are very happy to have you
19 with us, Leverette.

20 ASSEMBLYMAN HOUSE: I am delighted to be here.

21 CHAIRMAN BRITSCHGI: And over on my left, Donald
22 Anderson, a new man from Los Angeles on our committee. Don was
23 the host to the committee at Los Angeles State a week or two
24 ago and did a tremendous job down there for us, and I know that
25 when Don comes back to the Legislature at the next session he
26 is going to add a lot to our committee, to help us try to solve

1 some of these school problems.

2 Immediately on my left is no stranger to all of you,
3 Dorothy Donahoe. Sometimes I envy Dorothy in the committee
4 meetings. If I ever get to know just the little bit she has
5 already forgotten, I will be considered an expert in school work.
6 And, Dorothy, we are awfully glad to have you with us.

7 ASSEMBLYWOMAN DONAHOE: I am glad to be here, Carl.

8 CHAIRMAN BRITSCHGI: And on my right is Blanche
9 Hansen, our Secretary to the Education Committee.

10 Down in the front is the good-looking man with the
11 glasses, Jim Marshall. Two days ago at our hearing in Redwood
12 City he set all the girls agog down there because they thought
13 he was just about the most handsome guy they have ever seen;
14 and that is A.A.U.W. girls, too. Jim, we are very glad to have
15 you along with us, to help us out from time to time.

16 ASSEMBLYWOMAN DONAHOE: This is all going in the
17 record, so we can have it for posterity?

18 CHAIRMAN BRITSCHGI: Why, certainly.

19 The meeting today, ladies and gentlemen, is again the
20 last in a series of hearings on bills that have been referred
21 to this particular committee on the vast problem of school con-
22 struction costs. We have had a number of hearings throughout
23 the state on this. We feel that it is better to get the infor-
24 mation at the ground level, and have traveled up and down the
25 state, trying to find the thinking of the school people as to
26 how we are going to solve this very intricate problem of school

1 financing.

2 A lot of people sit back and think nothing of this
3 particular problem because we vote bonds, and everyone feels
4 that everything is going to be in good shape. But some day we,
5 the members of the Legislature, are going to have to face up to
6 realities, and by that I mean that we are going to have to pay
7 for these bonds. And in this report today that Mr. Jaqueth is
8 going to give us I think he is going to tell us a little bit
9 about that, so I don't want to give anything in conflict to his
10 report.

11 I have been a little bit upset about some information
12 that has come to me, as the Chairman of the Committee, in accus-
13 ing Mr. Hegland, the author of the bill, as a bill that would
14 lead to Marxism, Communism, Socialism, everything else involved
15 in it; and I know that when Mr. Hegland introduced this bill he
16 had in mind the school children in the State of California, and
17 if anyone were intelligent enough to know the vastness of this
18 particular problem that Sheridan Hegland should be complimented
19 for an attempt to try to work out the financial aspects as to
20 what is going to happen to the future of school financing in
21 California. And I would like to have you take those words back
22 to your territory, Sheridan. I am not speaking for the commit-
23 tee as a whole, but I am speaking as the chairman of the com-
24 mittee. We are indeed grateful to you, and I think that in the
25 years to come it will prove out that the State of California
26 will be grateful to you for starting this off.

1 It is going to be a long time process. It is going
2 to be an educational process, to wake up the people of Califor-
3 nia to realize that we are going to have to solve this problem
4 on another basis.

5 And, Mr. Hegland, I would like to ask you now if,
6 again, you would just briefly go over your bill and explain it
7 for some of the new people that are here possibly, and then we
8 can go into the general course of the witnesses.

9 ASSEMBLYMAN HEGLAND: Well, thank you very much, Carl.
10 For the record, then, we still have about 200,000 youngsters on
11 half-day sessions in California. This committee has received
12 complaints from many people, feeling that the state controls
13 are a little heavy and that there should be new ways, perhaps,
14 of imposing controls which would be, perhaps, a little more
15 intelligent and perhaps would not weigh quite as heavily on
16 local school boards.

17 I think we should start with the social lag. The fact
18 is that when we started in a rural community to build a school
19 this was a capital expenditure and was something that would
20 last for twenty years, and the local school board felt they
21 owned the building; and we financed it as a capital expenditure.
22 But when we are building new classrooms every day in California,
23 this is no longer a capital expenditure; it is an operating
24 expenditure, just the same way as salaries or the same way as
25 purchase of blackboards or purchase of chalk. Every day we
26 have to build additional classrooms.

1 The biggest single saving which is possible to make
2 would be if we would, through some system, adopt the system that
3 has been used before. And it is appropriate that we meet in
4 this building because the state freeways and highways are among
5 the best in western civilization, and one of the reasons they
6 are so good is because we do not spend money for bonding and
7 financing charges. But when we take money from the taxpayers,
8 this money goes into concrete and the purchase of rights-of-way;
9 we do not have to pay all these interest rates.

10 Now, if we were using all the money for the building
11 of school buildings instead of paying financing charges, we
12 would be building 140 classrooms for the same cost that we are
13 now building 100 classrooms.

14 So this bill has a pay-as-you-go feature written into
15 it. Now, it is very difficult to go on a pay-as-you-go system,
16 and we know it is.

17 Then a second factor -- another factor -- on which we
18 have had complaints, and all of you know it, is that there is
19 not an equitable distribution of property taxes for school con-
20 struction purposes in this state. We have houses on one side
21 of the street which cost \$20,000 on the open market, paying
22 possibly twice or three or four times as much -- and Mr.
23 Jaqueth is aware of this -- for school construction purposes as
24 houses on the other side of the street, who happen to be locat-
25 ed in a community where they have industrial and financial and
26 commercial wealth and a tax base; whereas the suburban

1 communities do not have this. And the suburban communities
2 consequently find pyramiding and soaring tax rates.

3 It is a little difficult to understand how, in equity,
4 a \$20,000 home in one community should be paying a tax rate for
5 school construction purposes of maybe a dollar thirty or a dol-
6 lar forty or a dollar and fifty cents, while across the street
7 a house assessed by the same assessor is paying a tax rate of
8 maybe twenty or thirty cents.

9 Since Dorothy is here, and she has been very much
10 interested in this junior college problem, I think this is an
11 appropriate point; and with this I will conclude. Maybe we can
12 excuse ourselves for the poor planning which we had as a
13 society when the war babies hit the elementary schools and we
14 had double sessions all over the state. But these youngsters
15 are now reaching the junior college level and there should be
16 some sort of a fund available so that the junior colleges will
17 be ready to receive these youngsters when they reach that age;
18 and at present we do not have it.

19 So this bill has written into it two other features.
20 One is a feature which would equalize for school construction
21 purposes, tax rates on property all over the state, and impose
22 simple equity. And it also has involved a school construction
23 fund to make money immediately available to schools. Now, this
24 bill was submitted entirely for study. No one anticipates that
25 these concepts will be immediately adopted, but the hope was
26 that maybe we could move in the direction that we know we must

1 move into, of trying to keep local control on the local level,
2 trying to eliminate double sessions, trying to reduce the cost
3 of building the schools for all our youngsters, and trying to
4 get ready for the onslaught on the junior college level.

5 Thank you very much, Carl.

6 CHAIRMAN BRITSCHGI: Thank you, Mr. Hegland. Have
7 the members of the committee any questions to ask Mr. Hegland?
8 There appearing to be none, I think our first witness this morn-
9 ing should be Mr. Lentz, the Legislative Analyst. I know that
10 you don't have a printed copy or anything, and I would like to
11 have you, at this time, stand up here and speak right off the
12 cuff to us because we seem to get more information that way
13 anyway.

14 MR. LENTZ: Mr. Chairman, I believe there are copies
15 there. There may be enough copies for the members. There is a
16 sheet that contains some calculations that have been made since
17 the last meeting. At your last meeting in Los Angeles I pre-
18 sented some figures, some general comments as to the features
19 of the bill, and some figures that represented calculations that
20 were made in 1957, shortly after the bill was introduced. We
21 have since brought up to date some of these figures.

22 I told you at that time that I thought in using those
23 figures, that I know they would be changed today, that assessed
24 valuations and school construction expenditures would all be
25 higher, but that perhaps the relationships would be substantial-
26 ly the same. But, for the purpose of your meeting today, we

1 have brought these figures up to date, and which may help to
2 explain the nature of the bill and some of the financial re-
3 quirements of it.

4 I would like to take a moment to explain the figures
5 that are contained on the sheet which you have. It is designed
6 to follow the outline of the bill and to show the amounts that
7 are involved in the various phases, or the various categories
8 of money which now goes into school construction.

9 The first part, one part of this so-called pot, from
10 which all school construction would be financed, would be that
11 amount which represents the principal and interest on outstand-
12 ing bonds of all school districts of the state at the present
13 time. Now, that is 1956-57 data; that is the latest that we
14 could get for that. But the \$96 million there is the first
15 figure, is the amount that all the school districts are paying
16 in principal and interest on their school bonds which they have
17 borrowed. So that would be one of the figures taken into this,
18 because, under Mr. Hegland's bill, the combined funds, the tax
19 rate funds, going into the fund would finance the existing
20 interest and amortization on school bonds. So that is, at the
21 present time, \$96 million.

22 Now, that is a figure that would progressively dimi-
23 nish because those represent 25-year bonds and 40-year bonds of
24 school districts, and if no other bonds are issued, these, of
25 course, are being retired, some portion of them, every year.
26 So that is a figure that would gradually diminish and work

1 itself out over a period of years and would ultimately, under
2 this bill, disappear. That is roughly, you will see, one-third
3 of the total of this amount.

4 CHAIRMAN BRITSCHGI: Could I ask you a question?

5 MR. LENTZ: Yes.

6 CHAIRMAN BRITSCHGI: If you don't mind, we will break
7 in from time to time.

8 MR. LENTZ: Yes; I hope you will.

9 CHAIRMAN BRITSCHGI: Are all of these bonds, the
10 school bonds, written so that there would never be a redemption
11 period, other than the actual lifetime of the bond?

12 MR. LENTZ: You mean, in other words, are they call-
13 able?

14 CHAIRMAN BRITSCHGI: Penalty pay-off.

15 MR. LENTZ: Are they callable?

16 CHAIRMAN BRITSCHGI: Yes.

17 MR. LENTZ: I am not sure, but my impression is that
18 the biggest part of them probably are not callable. Now, I
19 can't be sure on that. Maybe Mr. Hegland knows.

20 ASSEMBLYMAN HEGLAND: That is right; most of them are
21 not.

22 MR. LENTZ: The biggest portion are not callable, so
23 even if we had a pot of money which could be applied to amortize
24 or to pay off these, to call these bonds, I think the nature of
25 the bond agreements, in most cases, would be that they could
26 not be, that those funds would have to be set aside into a

1 sinking fund which, together with its own interest, would retire
2 those.

3 Now, the dates on these, of course, or the periods,
4 in the nature of them, will vary. Some of them will be 25-year
5 bonds, and some of them 40. But I think most of them, most of
6 the school bonds, will range within that figure of 25- to 40-
7 year bonds.

8 CHAIRMAN BRITSCHGI: To your knowledge, then, would a
9 callable bond carry a higher interest rate than the average?

10 MR. LENTZ: Well, I think it probably will, but I
11 think the thing that governs more whether a bond is issued on a
12 callable basis or not is the nature of it -- well, the nature of
13 the source from which it is going to be paid off. Now, when
14 they are to be paid off from a tax rate, there isn't much pros-
15 pect that they will be callable, that there will be any windfall
16 fund of the district from which these could be paid. So that
17 the bond buyers, I think, want to know and will insist on know-
18 ing the term of the bond, and for that reason they are not made
19 callable.

20 Now, in some other cases, where bonds of a district
21 which has its own revenue are issued, there may be some prospect
22 of some re-financing, some real prospect of some re-financing,
23 a source of funds that might come in, in large amounts, or a
24 source of revenue, such as bridge revenues, toll revenues, or
25 something else, that might come in in greater amounts than
26 originally anticipated, and the issuing agency wants the right

1 to apply those proceeds. But I think school bonds, out of their
2 very nature, since they have to be, can be, only paid off from
3 the yield of a tax rate, are generally not callable and may be
4 at a higher interest rate. I think it probably is other things,
5 other conditions, that would govern the rate, though, more than
6 that one feature of it.

7 CHAIRMAN BRITSCHGI: I was wondering about the wisdom,
8 if we are anticipating a change in school financing and we are
9 stuck for 25-year bonds, for example, with that interest rate
10 continuing, if it wouldn't be a suggested recommendation to the
11 Department that when they issue bonds in the future to put in
12 the call process on it, and then if we do come up with an
13 answer to this thing, why we wouldn't be stuck for something.

14 MR. LENTZ: That might be a thing to consider, a
15 device by which this figure, this part of it, could be worked
16 off sooner than it is. But the point is that that figure com-
17 prises about a third of the total that would need to be raised
18 from an over-all tax rate and is a figure that would diminish.
19 Well, it would be very difficult to calculate it out because
20 you would have to know the exact terms of all the school bonds
21 that are issued, but I would assume that it would amortize out
22 over a straight line schedule and diminish each year.

23 CHAIRMAN BRITSCHGI: The point is, if you are going
24 to sell a program such as this, you are going to have to sell
25 it on a "saving money" basis.

26 MR. LENTZ: Ultimate savings; I think that would be

1 an important feature of it, that is right.

2 The second item of the total bill would be the prin-
3 cipal and interest on state general obligation bonds, due and
4 payable. The latest figure that we have on that is \$19 million.
5 Now, that is the principal and interest which the state is now
6 paying on the school bonds which it has sold, the school bonds
7 which go into the school building aid program. Under the terms
8 of the bill it would also be combined into this one pot. That
9 is around \$19 million at the present time.

10 Now, that is a figure that will increase slightly
11 because we are just in the beginning of that program. And, as
12 you know, the bonds are issued as serial bonds, with various
13 termination dates. In the first part of this we were meeting
14 interest requirements which we are now beginning to amortize,
15 the first series of those bonds.

16 ASSEMBLYMAN ANDERSON: How much of the nineteen was
17 principal?

18 MR. LENTZ: Well, that I couldn't say, but maybe Mr.
19 Jaqueth has that. But the largest part of that, I would assume,
20 at the present time is still interest.

21 ASSEMBLYMAN ANDERSON: I would think so.

22 MR. LENTZ: C is the net amount of state funds
23 expended by school districts for school construction -- the net
24 amount of state funds. Now, there has been added to that.
25 This is the amount of money that school districts have spent in
26 a given year, which the school districts have spent for school

1 construction out of state funds.

2 Now, as you know, there are limitations upon the
3 allocation, the actual allocation, of the funds. But for this
4 purpose we use the amount that the school districts actually
5 spend. There is a relationship, but not a direct relationship,
6 between the amounts allocated and the timing of the actual
7 expenditure of those funds, because the fund may be allocated
8 in one year and actually used when the construction is complet-
9 ed in a period two and even three years later. But that figure
10 represents the amount in a given year.

11 I believe that these fiscal years in the table are
12 incorrectly stated. I am sure that the figures are the latest
13 figures, but I am not sure that the fiscal year has been changed
14 in this. I may be in error on that, but I think the figures are
15 the later fiscal year.

16 That will amount to \$89 million, slightly less than a
17 third of the total.

18 Then there are administrative costs in allocations
19 that we have included. This is a guess and a round figure, but
20 there would be some costs, administrative costs, to the State
21 Controller in making the allocations and the determinations
22 required in the bill.

23 ASSEMBLYMAN HEGLAND: Pardon me, there. Just so this
24 is clearly understandable, in other words, the State of Califor-
25 nia is now spending of state moneys about \$90 million a year --
26 well, it is within \$400,000 of doing that -- \$90 million a year

1 for schools, to help local school districts build buildings;
2 and state taxpayers are only paying -- a lot of this money is
3 interest -- less than \$20 million?

4 MR. LENTZ: That is correct.

5 ASSEMBLYMAN HEGLAND: So we are going backwards to
6 the tune of about \$70 million plus a year. I mean our fiscal
7 condition is worsening.

8 MR. LENTZ: That is substantially correct. The \$19
9 million is the amount which the state is now paying in principal
10 and interest on the money which it has borrowed. Now, the \$89
11 million is not the rate at which the state pays out this money,
12 but it is the rate at which districts have spent the money in a
13 given year.

14 Then, as to administrative expense, we have just used
15 a round hundred thousand dollars as the figure for administra-
16 tive expenses of the Controller, in making the determinations,
17 including the equalization determinations that are in the bill,
18 and for administrative expenses of the Allocation Board, and we
19 have used the current support expenditures for the school build-
20 ing aid program. That may be a little high, but in the absence
21 of some other figure to use we have assumed that the administra-
22 tive expenses of some agency would be substantially the same,
23 that this would supersede, and that the administrative expenses
24 would be substantially the same as the administrative expendi-
25 tures of the present school building aid program. So that would
26 ultimately be superseded.

1 Then the other figure is the amount expended from
2 local school district bond funds for school construction, the
3 amounts -- the combined amounts -- which they have spent in a
4 given year from borrowed funds, and that is the \$215 million.

5 The total of those is \$421 million, which then would
6 be the total requirements for the state, to take care of the
7 state's obligations, the local districts' obligations, adminis-
8 trative expense, and so forth, for the total pot.

9 Now, that would be divided. Under the terms of the
10 bill as it now stands, thirty percent of that would be financed
11 by a contribution from the general fund; the balance, the seven-
12 ty percent, would be financed, or that part of it which could
13 be, from a tax rate, by a uniform tax rate levied in each of the
14 counties.

15 The seventy percent part now figures to be \$295 mil-
16 lion, with an assessed valuation -- total assessed valuation in
17 the state -- that is, the tax base from which or to which this
18 rate would apply, though it is a rate applied in each individual
19 county -- would be the combined assessed valuation of all school
20 districts in the state. That combined assessed valuation is
21 around twenty-one billion, eight hundred million dollars at the
22 present time.

23 Now, that would require on that basis -- as we calcu-
24 late it, that would require, to finance all of that, a tax rate
25 of a dollar and thirty-five cents as the total bill.

26 Now, the bill, as it now stands, contains a limitation

1 of a dollar and twenty cents. There would be various ways by
2 which this could be financed within the limitation or the bill
3 could be applied within those limitations. One is the one I
4 have already mentioned, is that some features of this are
5 diminishing, some elements of your cost are a diminishing cost.
6 Another would be that the administrative controls or standards
7 or methods of measurement would have to be applied to bring the
8 funds within the amount that would be yielded by a combined
9 dollar and twenty cent tax rate.

10 Of course, there are other features of the bill where
11 variations could be applied, as, for instance, the relationship
12 between the general fund contribution and the contribution of
13 local governments through the tax base.

14 ASSEMBLYMAN HEGLAND: May I interrupt again?

15 MR. LENTZ: Yes.

16 ASSEMBLYMAN HEGLAND: Considering the state's present
17 fiscal condition, can you imagine the Legislature quickly--

18 MR. LENTZ: I wasn't going to comment on that.

19 ASSEMBLYMAN HEGLAND: --quickly giving a hundred and
20 twenty-five million dollars out of the general fund under the
21 present circumstances to help local school districts?

22 MR. LENTZ: Well, yes; of course, that would be dif-
23 ficult. But, for that matter, even the thirty percent would
24 involve the same problem. But the point is that the thirty
25 percent -- as a principal, the thirty percent -- can be thirty-
26 five percent or can be twenty-five percent or can be anything

1 else. It is a matter of policy; it is a simple matter of poli-
2 cy, and to the Legislature is not an easy one. But it is a simple
3 concept. The Legislature is faced with it every day. And that
4 is from what source and in what portion is a given program in
5 which the state has a statewide interest going to be financed?
6 What portion from state tax sources and what portion from local
7 tax sources? We have made that decision in the school support
8 program and it has to be made here. And it is, of course, a
9 variable.

10 The local taxpayers are interested, of course, in
11 seeing the state's tax base finance a larger part. The state
12 has its difficulties when it faces practical limitations on its
13 tax base. But some combination of these variables would have
14 to apply, I think, from these figures, to finance the program
15 from the existing limitation in the bill; or, of course -- and
16 that is another policy area -- that, of course, can be changed
17 to anything.

18 I don't know whether the dollar and twenty cents has
19 any significance in the bill, other than the effort to place a
20 limitation and a reasonable limitation of some kind. I don't
21 know whether there is any other significance in a dollar and
22 twenty cents as against twenty-five, or not.

23 ASSEMBLYMAN HEGLAND: Yes. To reply to that, it was,
24 I think, that the present theoretical limitation per grade
25 level, is forty cents. Three times forty cents is a dollar
26 twenty.

1 MR. LENTZ: I see. It is a three to one.

2 ASSEMBLYMAN HEGLAND: I mean from one point of view.
3 Of course, it was changed at the last session. Now it is forty-
4 five. So it would be now a dollar thirty-five.

5 ASSEMBLYWOMAN DONAHOE: I think so, yes.

6 ASSEMBLYMAN HEGLAND: But when we first drafted it,
7 it was a forty cent limitation; so three times forty is a dollar
8 twenty.

9 MR. LENTZ: Well, that, Mr. Chairman, completes my
10 presentation, to present these figures to you.

11 CHAIRMAN BRITSCHGI: Let's see if we have some ques-
12 tions up here from any of the members.

13 ASSEMBLYWOMAN DONAHOE: Well, is there any possibility
14 of coming to some area where we can gradually make this transi-
15 tion? I mean, do you see any possibility of that?

16 MR. LENTZ: Well, as I say, the bill has a number of
17 features that are variable. It is a characteristic of this bill
18 that it does the whole job. I think that is a desirable feature.

19 ASSEMBLYWOMAN DONAHOE: Is there any way we can change
20 it or adjust it so it might make it more feasible and ready to
21 go in gear? I mean, many times in theory, on paper, a thing is
22 fine, and the principle is fine; but to sell it all, per se,
23 instantly, would be a little difficult.

24 MR. LENTZ: Well, as a general proposition, most any-
25 thing that can be done in whole can be done in part, because in
26 the matter of financing these -- and I think, in general, that

1 is characteristic of this issue -- it does involve some diffi-
2 culties. But they could be worked out, because if the whole,
3 the sum total, of all these requirements is not financed from a
4 single state-wide tax rate, then the balance of it would still
5 have to be financed from local tax rates in addition to that.
6 But I would think that this would lend itself to most any type
7 of compromise.

8 ASSEMBLYWOMAN DONAHOE: Do you have any specific sug-
9 gestions and areas of compromise -- you might not right now
10 reply to this, but you might work out its possibilities like
11 Plan A, B, C, D, or 1, 2, 3, 4?

12 MR. LENTZ: Well, of course, the program we now have
13 is a program by which the state pays or attempts to ease the
14 burden of local school districts, but only the so-called
15 impoverished districts, the ones who can't finance their own,
16 and the rest on local tax rates. It occurs to me that there
17 could be other variables in here. For instance, the tax rate;
18 I would see no reason why the tax rate couldn't be made variable,
19 as between counties; still recognizing, in other words using, a
20 larger unit, equalizing on a larger basis, but still not the
21 state-wide basis that is in the program now.

22 There may be counties, whole counties, that are in
23 much better position to finance their school needs than others,
24 on an entire county basis.

25 ASSEMBLYWOMAN DONAHOE: That would change the total.

26 MR. LENTZ: So in any combination there you are getting

1 something of the advantages of consolidation and using a larger
2 unit, but not necessarily the state-wide basis as a unit. I
3 think that is an idea that would lend itself to variables to
4 any point in between, some point in between the district that we
5 now have in the small school district tax base.

6 ASSEMBLYMAN HEGLAND: That is a good idea.

7 MR. LENTZ: As against the state-wide tax base -- I
8 am speaking of property tax base -- there are a number of points
9 in between there that still would be equalization; some progress
10 toward equalization but not necessarily the whole state wide.

11 CHAIRMAN BRITSCHGI: Any other questions?

12 ASSEMBLYWOMAN DONAHOE: He is still thinking. Maybe
13 there is another area.

14 MR. LENTZ: I will have to sit down and think of it
15 some more.

16 ASSEMBLYWOMAN DONAHOE: Some time, if you could, I am
17 sure that Mr. Hegland would be happy to hear from you.

18 MR. LENTZ: Of course. Well, this isn't a feature of
19 the bill but it is the hope -- I don't suppose I personally am
20 as pessimistic about the future growth curve and capital outlay
21 requirements, perhaps, as Mr. Hegland is -- it would seem to me
22 that there would be some hope for a leveling off, some leveling
23 off at some point in the school building requirements. We are
24 at that peak now. We have hit the elementary. The school
25 children are there. And one of the difficulties in this situa-
26 tion is that on the small school district basis the school

1 children are there first. The school children are there because
2 of population, and that population requires housing, and that
3 housing brings assessed valuation to some extent. It doesn't
4 bring enough, but it does bring along with it assessed valuation.

5 One of the difficulties is that the assessed valuation
6 doesn't come along until after these pupils come. But it does
7 come, to some extent. So, as this school age population moves,
8 as this bulge in our population moves and reaches its peak in
9 the elementary and in the high schools, we are now getting into
10 the high schools and it is moving on into the college, affecting
11 our college enrollments. But as that bulge moves through the
12 population age groups and as school buildings are being built,
13 if they are being built to standards for forty years and above,
14 this should offer some possibility of leveling off.

15 I don't say that we will ever reach the point when we
16 don't have to build new school buildings. We won't. But there
17 can be a leveling in the requirement curve to some extent.

18 ASSEMBLYWOMAN DONAHOE: Pardon me. Is there anything
19 in this bill that changes the effect of the financial assistance
20 to impoverished school districts on the federal basis?

21 ASSEMBLYMAN HEGLAND: No.

22 ASSEMBLYWOMAN DONAHOE: Well, there is the area where
23 they really need some help.

24 MR. LENTZ: That is the thing which might need to be
25 taken into consideration in this bill. I would imagine that
26 some allowance would need to be made, would want to be made,

1 for school districts which are eligible for and do receive
2 federal funds, so that we are not doubling up.

3 ASSEMBLYMAN HEGLAND: May I point out that the bill
4 provides that the resources which a school district has shall
5 be deducted from the amount?

6 MR. LENTZ: I had forgotten that.

7 ASSEMBLYMAN HEGLAND: So whatever impact funds we
8 would be able to get under, I think it is, AB , would be
9 deducted, because if they are going to get six million from the
10 federal government, we certainly aren't going to give them
11 another six million.

12 ASSEMBLYWOMAN DONAHOE: Their problem is that the
13 federal government isn't really paying the costs, per se, of
14 the students involved, and some of these children are suddenly
15 dropped into the school districts, and they are there day after
16 tomorrow, and there are no school buildings for them or classes.
17 And where the government eventually pays, it doesn't really
18 carry the cost load of schooling that child. So this may not
19 be the bill. We don't want to shackle this bill with any more.

20 MR. LENTZ: I had forgotten the bill contained that
21 feature. But that part of it would be relatively simple admin-
22 istratively, I think, to credit it against their requirements,
23 the amount the school district would be eligible for and actual-
24 ly receive from federal funds.

25 ASSEMBLYWOMAN DONAHOE: So I don't want to impede
26 further their livelihood. They are having a hard enough time

1 existing now.

2 CHAIRMAN BRITSCHGI: I think we are into a large area,
3 Miss Donahoe, on that, and I really have some reservations on
4 impoverished school districts. I think we talked a little bit
5 about it down in Los Angeles, as to the fact that every time you
6 have 500 new homes you have to plan a school. I wonder how long
7 we can let this thing go on.

8 I have a school district in mind -- and I think Mr.
9 Glantz back there can correct me if I am wrong -- that has been
10 impoverished and will probably be impoverished from now till
11 doomsday, and they have now received better than \$3 million in
12 state aid, and they will never pay a dime off, I don't believe.
13 I don't see how they ever can. I think Mr. Glantz can correct
14 me or substantiate that statement. And how long can we continue
15 to let these subdividers come along and build these houses and
16 never make any provision for some of this school activity?

17 ASSEMBLYWOMAN DONAHOE: The impoverished districts I
18 was thinking of were the federal impacted school districts
19 where the community has nothing to say and the government sends
20 500 employees with their families into a school area and they
21 wake up finding themselves needing a whole school facility. It
22 is happening in areas in the eastern part of my county.

23 For instance, the Boron school district. The mine is
24 the only basic tax source they have, and they impoverished them-
25 selves to build a high school for federal-connected children.
26 And then they come across the commanding officer that slaps the

1 gate on the property. Of course, the present commanding officer
2 has opened the gate, and they are working fine. But, depending
3 on whoever is the commanding officer, you almost are at the whim
4 and fancy of federal ownership. But it was the local tax base
5 that just impoverished itself, and now they have to build a new
6 high school for their own children, and they are trying to get
7 the federal government to pay back into it the sum which they
8 paid in the first place, and they can't get it back because the
9 federal government says that is paying back on something you
10 have already used. And I just want to be certain we don't enact,
11 with any intent of doing it, anything that makes it difficult
12 for federally impacted districts.

13 ASSEMBLYMAN HEGLAND: Well, Carl, just this one com-
14 ment in response to the witness: I want to get in the record a
15 comment Dorothy made at an earlier hearing, that this bill is
16 based on the theory that each is his brother's keeper. It is
17 true that areas which are psychologically mature and can grow
18 no more will be paying a somewhat larger proportion under the
19 total equalization, just as they are now under partial equaliza-
20 tion, than they would be paying without this bill. But it is
21 also true that, even after the entire state in an horizon year
22 becomes fully mature and no more people come here from the
23 middle west, we will still have to replace schools every year
24 and every day.

25 In Oakland today there are many schools, I understand,
26 which some people think should be modernized. And I don't think

1 it is hardly in the concept of playing square when you accept a
2 kindergarten youngster at the age of five and you vote bonds
3 that year, and you know when you vote those bonds that year that
4 when he is twenty-three and married he will be paying for his
5 school seat all the way through from kindergarten through.

6 This is really what we have done, is we have launched
7 by this bonding program a whole loan program in which we are
8 making it possible for a kindergarten youngster to borrow money
9 today so that he can get an education, because they are going to
10 be the ones who are going to be paying it off. Up until this
11 time we have always thought that the parents had the obligation
12 to provide for their youngsters.

13 ASSEMBLYWOMAN DONAHOE: Well, wouldn't this also be
14 in answer to those people who inherently fear federal aid
15 because of federal control, in solving the problem where you
16 live, where you yourself can control it?

17 CHAIRMAN BRITSCHGI: Any other questions? Mr. Lentz,
18 I would like to thank you very, very much for your information,
19 and it is a pleasure to have someone from the Department appear.
20 As you notice, we had a little controversy about a certain
21 department.

22 ASSEMBLYWOMAN DONAHOE: Especially ones that can
23 answer questions.

24 CHAIRMAN BRITSCHGI: That is right. We are all here,
25 seeking information, and it is a privilege to hear someone that
26 can supply the answers for us.

1 MR. LENTZ: Thank you very much.

2 CHAIRMAN BRITSCHGI: We don't expect you to be a
3 magician, any more than we are. But if we all work together--

4 ASSEMBLYWOMAN DONAHOE: If you ask him a question, you
5 will get an answer.

6 MR. LENTZ: And if I don't have it, I will try to get
7 it for you.

8 CHAIRMAN BRITSCHGI: If any of you folks have come in
9 since Mr. Marshall has passed the slips around, will you kindly
10 sign your names to the slip.

11 I would like to introduce to you one of my very good
12 friends in the Legislature, Pauline Davis from Portola. And
13 Pauline is a good gal to have on the committee with us. We are
14 happy to have you with us, and you are just in time to hear Mr.
15 Jaqueth, who is going to give us his report on this school
16 financing. We have been looking forward to this since we met
17 with you in Los Angeles, Mr. Jaqueth.

18 MR. JAQUETH: Mr. Chairman, for the record, my name
19 is Herbert Jaqueth, Executive Officer of the State Allocation
20 Board.

21 To provide information to your committee, based on the
22 existing school aid programs, which would be useful in consider-
23 ing AB 3903, it is necessary to divide the program into separate
24 headings, all of which are part of a school building program --
25 (1) Financing, (2) Sites, (3) Building Construction, (4) Furni-
26 ture and Equipment, and (5) Repayments.

1 This little outline includes those things that general-
2 ly go into any type of a school program, or at least parts of
3 these items go into a program of some sort, when a school either
4 makes an addition or builds a new complete plant itself.

5 Under the state-aided program 1,027 construction
6 projects have been completed, of which 963 have been for elemen-
7 tary schools and 64 high schools have been constructed. These
8 schools provide housing for 313,902 pupils. There has been an
9 average of over 300 construction projects approved by the State
10 Allocation Board each year.

11 I put that information in here merely to indicate to
12 your committee that there has been a large volume of school
13 construction through the state aid program, and I believe I said
14 once before it amounts to almost exactly one-third of the total
15 construction of schools in the state, both by the number of
16 projects and by the money expended for schools. We get that
17 record by comparing the total amount of awards of contracts as
18 a result of the plans and specifications which have been filed
19 with the Department of Architecture for approval.

20 Inasmuch as the existing State School Building Aid
21 Program has become a permanent program due to the thirty-year
22 repayment provisions and other requirements, and, further,
23 because this program represents a very large, substantial part
24 of school construction within the state, experience of the
25 State Allocation Board may be used indicating problems and
26 operational activities which would arise with the adoption of a

1 new bill by the Legislature.

2 And, I think, Mr. Hegland appreciate that it would
3 give to your committee an appreciation of the combination of
4 things that would come with any type of school construction.

5 Under present legislation funds are raised by means
6 of state-wide bond issues, supplemented by funds which are
7 almost entirely individual school district bond amounts. The
8 state has provided \$690.5 million for school construction, or
9 76% of the cost of state-aided projects, and districts have
10 provided the balance of 24% of the cost. The accompanying
11 chart of "WHAT HAPPENS TO STATE AID SCHOOL BOND ISSUES FOR A
12 COMPLETE PROJECT" provides information relating to the bond
13 funds. On this chart it is to be noted that presently 66% of
14 available funds is spent for school house construction, with
15 the balance being spent for the purchase of sites, preparation
16 of plans, furniture and equipment, and other items.

17 In other words, two-thirds of the funds provided by
18 the state are spent for the construction of buildings themselves
19 and about one-third for these other variable items that go into
20 a complete school plant.

21 In order to provide information relating to the trend
22 of state aid for school construction purposes, information is
23 attached under the heading of "COST AND OTHER CHARACTERISTICS
24 OF STATE AIDED SCHOOL FACILITIES." And there is a chart attach-
25 ed to the copy that you have, indicating that information.

26 Reference is made to the discussion and tables for

1 information relating to sites, new construction, additions, and
2 furniture and equipment. These are all items that would go
3 into any school plant under the bill which Mr. Hegland has pre-
4 sented.

5 It is to be noted that in 1954 building construction
6 costs represented 79.1% of the total; whereas, in 1958 the
7 building construction total dropped to 71.1% of total -- or 10%
8 less now than it was at that time, for building; or, the other
9 way around, it is 10% more for items which are not, in them-
10 selves, actual building construction, such as furniture and
11 equipment, the preparation of sites, bringing water, sewer, and
12 those types of utilities to the site, and development of play-
13 fields on the site itself.

14 It should be noted that, as of today--

15 ASSEMBLYMAN HEGLAND: Pardon me. Does this mean we
16 are getting more extravagant or are these factors which have
17 nothing to do with extravagance?

18 MR. JAQUETH: I think perhaps it is factors that do
19 not have anything to do with extravagance. They were not
20 included in the original bill. The preambles of the 1952, 1954,
21 and other bond bills have provided that emphasis should be
22 placed on schoolroom -- school classroom -- construction, and
23 the first bills mentioned only classrooms and tables, desks and
24 chairs; and there were limitations placed in the bill. Now the
25 Legislature has removed those limitations in the last two
26 sessions; so consequently it has broadened the items that could

1 be requested by school districts.

2 It should be noted that, as of today, 2,328 applica-
3 tions to have state aid have been received by the State Alloca-
4 tion Board, with 400 being received in 1958 (an increase of 20%
5 over 1957). Approved projects totaling \$600.4 million, include
6 funds for 1,640 projects, with a total pupil capacity of 426,821.

7 During the past few years the trend of the cost of
8 state aid per average project has increased, principally because
9 of additional allowable expenditures authorized by the Legisla-
10 ture for expanded facilities. For instance, the Legislature has
11 provided that funds may be used for furniture and equipment and
12 these costs now represent approximately 6% of each allocation.
13 In addition, allowable costs for outdoor teacher station con-
14 struction has been authorized by the State Allocation Board and
15 these represent a cost of approximately from five to ten percent
16 per application where this type of facility is provided.

17 CHAIRMAN BRITSCHGI: Mr. Jaqueth, can I interrupt
18 there a moment, as long as we are on furniture and fixtures?
19 I have a letter from the San Mateo County Advisory Committee on
20 School Building Economies, and they have asked me to discuss
21 this with you; as long as you are talking about furniture and
22 fixtures, this relates to it.

23 "I have recently reviewed the rules and regulations
24 by your Allocations Board regarding the cash allowances for
25 furniture and fixtures, and it is reported" -- and I am quoting
26 here -- "that the standards set are principally based on

1 information furnished by large school districts, such as Los
2 Angeles, San Francisco, San Diego."

3 Now, it is a recognized fact that these systems
4 apparently have a large buying power. What offsets do you have,
5 so that the smaller school districts are not penalized in the
6 purchase of furniture and fixtures? This may be off what you
7 are talking about here at the moment, but as long as you are
8 talking about furniture and fixtures, I think it is a related
9 part here. And it seems like the smaller school systems are
10 being penalized because of the line -- the fine line, I might
11 say -- that has been drawn by the Allocations Board in not
12 favoring the purchasing power of the small system, if you follow
13 my thinking on that.

14 MR. JAQUETH: Indeed, I do. The question of approv-
15 ing funds for furniture and equipment, I think you all appreci-
16 ate, is a very difficult one. The question of buying waste
17 paper baskets, chairs, and every other type of little items --
18 screwdrivers and hammers and nails for shops -- it is a most
19 difficult one to prepare the procedure for use.

20 There has been a committee, composed of representa-
21 tives of the small districts. For instance, I was down in the
22 Peninsula way and around San Francisco. Mr. Curtis, near San
23 Jose, was the representative, and he then said that he was
24 representing small districts. Mr. Solomon, from down south,
25 was representing districts there. And there was a committee,
26 composed principally from the administrative group to be sure,

1 but several of them were superintendents, and that committee
2 has been meeting for a long time, attempting to prepare the
3 furniture and equipment lists that would be needed for various
4 types of classrooms.

5 And at the adoption by the Allocations Board, in their
6 resolution it is stated that it is on a temporary basis, and the
7 act furthermore requires that each three months the various pro-
8 visions must be reviewed and reported back to the Board, as well
9 as the prices, as to whether they are high or whether they are
10 low or whether they should be changed.

11 We have thought sometimes that perhaps the larger
12 schools, such as a large high school, were the ones that were
13 going to have most difficulty, and the Committee feels that
14 perhaps that type of a school would have more difficulty than
15 the smaller schools. And we feel that there are school districts
16 scattered around through the state who will have difficulty.

17 However, there is provision in the rules and regula-
18 tions that in the event there is a difficulty on the part of
19 the school, they may present whatever the difficulties are and
20 they may present what the things are that they think they want,
21 and those may be approved. And we may say this about the rules,
22 that perhaps it is a guide as much as it is anything else, for
23 the purchase of furniture and equipment.

24 CHAIRMAN BRITSCHGI: Have any of these applications
25 where you have had a difference ever been approved?

26 MR. JAQUETH: Yes. We have had some already. This

1 has only been approved now for the past few weeks, and we already
2 have had some where variances have been made in the lists that
3 were originally prepared and were originally adopted.

4 ASSEMBLYWOMAN DAVIS: Mr. Jaqueth, will you once again
5 re-state the consistency and the people that are on the commit-
6 tee that you speak of, that tried to work out this guide? You
7 mentioned the two, but who are the others? How many are there
8 on the committee?

9 MR. JAQUETH: Well, there were about a dozen on that
10 committee. Let's see if I can recall. I haven't the names with
11 me. We left it up entirely to the -- maybe Mr. Barton remembers
12 some of the names. I know he sat with us: Mr. Curtis; he is
13 from Sunnyvale. And Mr. Solomon is from the Whittier area. And
14 we had somebody from around the Fresno area. The CASA people --
15 the California Association of Superintendents -- were the prin-
16 cipal ones who were meeting with the Department of Education and
17 ourselves in the preparation of this list.

18 ASSEMBLYWOMAN DAVIS: Well, Mr. Chairman, I know it
19 is very difficult for Mr. Jaqueth to possibly remember the names
20 of all the people on that committee, but would you submit to me
21 personally -- unless the committee is also interested -- the
22 membership of that committee, because I have been very interest-
23 ed geographically as to whose point of view they actually espouse
24 in this particular guide.

25 MR. JAQUETH: Yes. I will be very happy to do that.
26 We had several from San Diego County, I remember, and I just

1 don't recall anybody now from up in the north territory, if that
2 is what you think north -- further north than Sacramento.

3 ASSEMBLYWOMAN DONAHOE: Were they selected by CASA,
4 Mr. Jaqueth?

5 MR. JAQUETH: They were selected, I believe, by probab-
6 ly a combination of Department of Education and CASA.

7 CHAIRMAN BRITSCHGI: Well, I would like to make one
8 little passing comment. I have a very dim view of rules and
9 regulations. I realize that you gentlemen have to have them to
10 operate, but it seems to me where you have a written law, the
11 person who is trying to operate knows exactly what happens. But
12 when it comes to rules and regulations it just irritates me no
13 end, and I am going to present, for your information, -- not
14 criticizing you one little bit -- a resolution, asking the
15 Legislature to study all rules and regulations of every depart-
16 ment in the State of California. I find, and I know this from
17 first hand, -- and I just saw the gentleman from the Department
18 of Agriculture walk out, or the gentleman connected with agri-
19 culture -- I might say this, that every time in agriculture
20 when a bill or a requested bill is not passed, very cutely and
21 cunningly it ends up in rules and regulations, and the people
22 just don't have a chance on rules and regulations. They have
23 no recourse. And I am just trying to find out how we can help
24 these people here with their rules and regulations problem that
25 they apparently have. It leaves it up to a few. I am glad Mrs.
26 Davis did ask the question as to who are the people then that

1 make the recommendation, and are the people having the problems
2 being treated fairly? That is all. That is what we want to
3 know. That was the only reason I asked that question. And if
4 you don't mind, please excuse us for interrupting from time to
5 time.

6 MR. JAQUETH: I think it is a proper thing to do, and
7 a wonderful thing if you can put in legislation those things
8 that go into rules and regulations.

9 ASSEMBLYWOMAN DONAHOE: Let's spell it out, so no one
10 can come back and say, "It was legislative intent."

11 ASSEMBLYWOMAN DAVIS: I say amen to your resolution
12 that you intend to put in.

13 ASSEMBLYWOMAN DONAHOE: Let's not make it a resolution.
14 We are going to have to do something because everyone is telling
15 us what the legislative intent was.

16 CHAIRMAN BRITSCHGI: Excuse the interruption.

17 MR. JAQUETH: I think I might speak to that point for
18 just a second, Mr. Britschgi, that sometimes it is most diffi-
19 cult to place in legislation. Resolutions have a tendency to
20 be legislation, the details of which vary quickly and widely.
21 We hope that you will be able to develop something here that
22 will be of use. The State Allocation Board members, I am sure,
23 would welcome such a thing because I believe you realize that
24 there are two members of the Assembly on that committee, and
25 there are two members of the Senate, and then three others. I
26 am sure that they would welcome having that, because we all have

1 difficulty in interpreting the state acts, which are passed.
2 And then, secondly, ordinarily there are extreme pressures
3 placed on any board or commission, whether it is the State Allo-
4 cation Board or the Agricultural Board or some others, in the
5 passage of rules and regulations, and there are extreme pressures
6 brought about to make variances for one specific little purpose
7 somewhere, in the rules and regulations; because the rules and
8 regulations being adopted by a body, can then be amended and
9 changed easily by that particular body.

10 ASSEMBLYWOMAN DAVIS: That isn't good.

11 CHAIRMAN BRITSCHGI: I noticed this, in my short term
12 up in Sacramento, that some legislation has been proposed because
13 it has been in rules and regulations for years and we might as
14 well make a law out of it. But the reason it got into the rules
15 and regulations in the first place was because it wasn't feas-
16 ible to pass as a law at that particular time. And these things
17 just have a cute little cunning way of sneaking in on us, and I
18 don't think that is a good way to legislate. That, of course,
19 has nothing to do with this.

20 ASSEMBLYWOMAN DONAHOE: You have to have some ground
21 rules.

22 MR. JAQUETH: Now, in response to some of the discus-
23 sion that took place in the Los Angeles meeting, we put in the
24 next paragraph.

25 It is almost impossible to satisfactorily provide
26 funds to a district on the per-pupil basis. During the period

1 from 1953 to 1957 school construction costs for new structures
2 have varied from approximately \$200 per pupil to over \$3,000 per
3 pupil, depending upon the facilities being provided. In diffe-
4 rent school districts some have gone as low as \$200 per pupil,
5 and in others, for certain facilities, they have run over
6 \$3,000 per pupil. Now, if you would make an allowance of so
7 much per pupil, one may not have enough and another may have
8 more than he really needs. Some of the items that cause this
9 disparity are as follows:

- 10 1. Variance in cost of site acquisition.
- 11 2. Variance in cost of providing utilities services.
- 12 3. Variance in cost of developing the sites to make
13 them usable.
- 14 4. Variances in the allowable building area per
15 pupil (small schools receive special area adjustments, large
16 schools need less area per pupil). I think you people appreci-
17 ate that.
- 18 5. Cost variances for providing special facilities,
19 such as
 - 20 a) Multi-purpose only; and we have a number of
21 applications for these single purposes.
 - 22 b) Special types of rooms for junior high schools,
23 either junior high schools or senior high schools.
- 24 6. Variances in cost on a geographical basis through-
25 out the state (metropolitan areas versus isolated and/or rural
26 areas).

1 7. Variance in the desires of districts in providing
2 facilities.

3 Each district has its own individual idea of how it
4 would like to arrange its facilities and the facilities it would
5 like to have and the appearance of those facilities and the
6 quality of various types of their facilities.

7 I might add to this, too, that the existing trend
8 seems to be that more schools are applying for addition to
9 schools than they are for complete new school plants, and an
10 addition to a school would be a very difficult thing to adminis-
11 ter if the amount was set up per pupil.

12 During the period of the state-aided program, about
13 one-third of the school districts receiving aid have applied for
14 replacement of facilities, or rehabilitation or reconstruction
15 of existing facilities. Costs of this type of construction have
16 varied from very small amounts to amounts nearly equal to the
17 cost of new construction. That is merely just another statement
18 concerning the per-pupil cost.

19 In answer to the specific questions as made by the
20 committee members in Los Angeles, we have the following to
21 report:

22 The first question was, "How much money has been made
23 available this year?"

24 The answer to that is that from October 8, 1957, to
25 date the State Allocation Board has approved applications for
26 state aid amounting to \$97,719,084.

1 ASSEMBLYWOMAN DONAHOE: May I ask a question here?
2 Have we had to borrow yet from the bond issue on the ballot?

3 MR. JAQUETH: No, not on this particular one. At one
4 time -- oh, it must have been four years ago, three or four
5 years ago -- there was some difficulty that arose in the print-
6 ing of the bonds. The State College Building Finance Committee
7 met in plenty of time and the State Allocation Board submitted
8 its reports in plenty of time and the Treasurer then, in turn,
9 needed to have the bonds printed and was having them printed in
10 Los Angeles.

11 Somehow, there was difficulty in printing, and a delay
12 of about six weeks. At that time we did need to borrow a small
13 amount. However, as soon as the bonds arrived in Sacramento it
14 was repaid. That is the only time.

15 ASSEMBLYWOMAN DONAHOE: We had to approve a 30-day
16 note to borrow on whatever it is -- number two or three.

17 MR. JAQUETH: The only possibility we can see, from
18 trying to project now into the next year or two of a need for
19 that \$30 million might be that if, at the proposed bond sale in
20 December, the interest rate seems to be too high or it is more
21 advisable to sell maybe in February, we might need a temporary
22 borrowing of a month or two, to await the sale of some bonds.

23 The second question propounded by a committee member
24 was, "How much has been returned this year?"

25 The answer to that question is that the computed re-
26 payments from state-aided school districts to be made during the

1 1958-59 fiscal years is \$15,638,999. I might say here that the
2 repayment amounts varied, as you can all well imagine, from
3 nothing in the beginning and went up -- a million, a million and
4 a half, three million, added to those, four and a half million,
5 and presently is about fifteen million. We calculate that some-
6 where around twenty to twenty-two years will be the maximum re-
7 payment period by school districts, and then it will drop back
8 down again from there on until the twenty-five and thirty-year
9 period.

10 ASSEMBLYWOMAN DONAHOE: Mr. Chairman, is this a normal
11 repayment, about fifteen million on that?

12 MR. JAQUETH: Last year was twelve million something.
13 It increases each year and will increase each year as the loans
14 have been increasing.

15 ASSEMBLYWOMAN DONAHOE: In other words, the school
16 districts are still assuming about the same level of repayment?

17 MR. JAQUETH: That is right, yes.

18 CHAIRMAN BRITSCHGI: What is the ratio in repayment to
19 new bonds that have been issued?

20 MR. JAQUETH: Well, that is rather difficult, Mr.
21 Britschgi, because there has been a new bond issue about each
22 two years, of a hundred million.

23 CHAIRMAN BRITSCHGI: Then, as we said a moment ago,
24 we are still going in the hole.

25 MR. JAQUETH: If we just assume a hundred million a
26 year, why fifteen million a year would be somewhere around 15%,

1 if that is the figure you would like to have -- twelve to fif-
2 teen percent would probably be the figure you could use for that
3 purpose.

4 Question number three -- "What is an estimate of the
5 total annual interest on bonds, local and state?"

6 The answer -- "It is estimated that the interest
7 costs of local and state bonds for 1958-59 will be as follows:
8 That the local bond interest only now would be \$38 million, and
9 the state would be \$13 million, for a total of \$51 million."

10 Now, Mr. Lentz has stated to you a few months ago that
11 he felt that the payment was nineteen million. I didn't have an
12 opportunity to ask him whether he is taking that over a period,
13 a broad period of time, which probably could be so.

14 This thirteen million that we state to you here is the
15 addition of the present repayments for this particular year at
16 this particular time. However, I would like to check with Mr.
17 Lentz, to see about this difference.

18 CHAIRMAN BRITSCHGI: You are talking about interest
19 there?

20 MR. JAQUETH: Interest only. That is all the question
21 was about -- the annual interest per month.

22 ASSEMBLYMAN ANDERSON: That means roughly six million
23 plus principal has been repaid completely?

24 MR. JAQUETH: I beg your pardon?

25 ASSEMBLYMAN ANDERSON: That will mean roughly six
26 million, six hundred thousand principal, during the same year,

1 fiscal year.

2 MR. JAQUETH: Well, I wouldn't want to even guess at
3 that, Mr. Anderson, because, for instance, in the first issue
4 and the second issue there was a waiting period on the bonds, I
5 believe, of five years before any of the bonds would be paid,
6 and on the next to the last issue there was a two year waiting
7 period. There was a different waiting period before any of the
8 bonds are called back for repayment. So I just wouldn't --
9 unless we looked at the condition of each of these bond issues,
10 it would be very difficult to make a statement about that.

11 Question number four, as made by the committee, was
12 for a suggestion for amendments to AB 3903 relating to replace-
13 ments, permitting the establishment of central controls.

14 The answer: This is only an answer as best we can
15 arrive at from talking about the matter in our office. Under
16 the heading of this request it should be mentioned that perhaps
17 the most economical construction through state aid could be
18 secured by means of state construction for each district after
19 careful determination of needs of each district have been made.
20 Now, this is a radical method as compared to existing procedure
21 and probably not acceptable by many school districts. Provi-
22 sions would be included relating to site and building areas,
23 and the quality of construction obtainable would be determined
24 by limiting the allowable costs. Provisions should also be
25 made for repayment.

26 Further, in response to this request, the following

1 amendment is suggested relating specifically to replacements.
2 I think that Mr. Hegland asked for our suggestion of amendment
3 to a part of his bill, which would place controls on replacement
4 of facilities.

5 CHAIRMAN BRITSCHGI: May I make a suggestion there,
6 Mr. Jaqueth, and see if you approve of it? Would you mind
7 removing the word "radical" out of there?

8 MR. JAQUETH: I have no objection to removing any-
9 thing.

10 CHAIRMAN BRITSCHGI: And, as a substitute, "a new
11 method," in all fairness to Mr. Hegland. I understand he is
12 being crucified in Los Angeles and San Diego.

13 MR. JAQUETH: No. There is no suggestion made in Mr.
14 Hegland's bill at all. It would come from us, and we are the
15 radical ones.

16 CHAIRMAN BRITSCHGI: Let's just leave it out.

17 MR. JAQUETH: Some of you have heard of the State
18 Building Aid Authority. You have heard of state committees.
19 Would you like me to explain it briefly, Mr. Britschgi?

20 CHAIRMAN BRITSCHGI: Yes.

21 ASSEMBLYWOMAN DAVIS: Before he does, may I ask a
22 question relative to the recommendation he is making here as
23 far as the state aid program, where the state would do the con-
24 struction for each individual district after its determination.
25 It seems to me, in my experience, that in most every program
26 that the state ever undertakes cost is no object, and I wonder

1 would it actually be a saving?

2 MR. JAQUETH: You notice that I mentioned in here
3 that the provisions should be included concerning limitations
4 on cost and on design and on the areas. And that, Mrs. Davis,
5 the first part was not a recommendation; it was merely a sugges-
6 tion.

7 ASSEMBLYWOMAN DAVIS: Well, all right; a suggestion,
8 whatever you want to say. But I still have some reservations,
9 because it seems like every time the State of California does
10 something it costs about three times as much as it really
11 should, and that is my concern here.

12 MR. JAQUETH: I think perhaps you are right, and the
13 State, in doing things -- we may go into that for a second --
14 are doing things for state agencies. In this particular case
15 they would be doing things for school agencies, and if the
16 proper limitations were placed in the bill, over which they
17 could not go, it would be a different type, I am sure, of con-
18 struction than you would have as produced by the Department of
19 Architecture. So this would not be a part of their activity.
20 And, as I see it, I might explain that, for instance, there is
21 one agency, that is the Pennsylvania State School Building
22 Authority. Their activity centers around the fact they have a
23 small amount of money -- only eight million dollars, I believe,
24 when they first started; they may have had additions to that.
25 They prepare plans and specifications for any particular school
26 district. They examine the school district carefully to

1 determine its need from the number of pupils and whether it
2 needs new construction or whether it needs new sites or how much
3 new construction it needs, and then they enter into a contract
4 with the local school district and prepare the plans and the
5 specifications in accordance with the need; and after the con-
6 struction is completed it is a lease-purchase plan, is what it
7 amounts to. The school district repays then over a period of
8 some years.

9 ASSEMBLYWOMAN DAVIS: Well, then, are you saying that
10 the Department of Education would be the determining factor as
11 to what the needs of the district would be?

12 MR. JAQUETH: That would be a question of policy of
13 the Legislature to say. This bill -- the present bill 3903 --
14 does not say that, and so that would be a question of policy and
15 something that should be considered, but perhaps not to make the
16 full determination.

17 ASSEMBLYWOMAN DAVIS: The reason I have some reserva-
18 tions is because in schoolhouse planning, as far as the Depart-
19 ment of Education is concerned, I feel there are things right in
20 that particular section of your department that need some real
21 serious revision or consideration, some thought; and so are you
22 saying that that additional authority might be through legisla-
23 tion, if that might be the case, given to that particular unit
24 of your department, schoolhouse planning?

25 MR. JAQUETH: No. That is why the word "radical" is
26 placed in here, Mrs. Davis. It is a deviation from the present

1 actual arrangement and procedure. The School Building Authority
2 of Pennsylvania has complete authority. The Pennsylvania
3 Department of Education is only conferred with for whatever
4 education facilities are needed.

5 ASSEMBLYWOMAN DAVIS: Would we be setting up an addi-
6 tional authority, then? Is that what you are saying?

7 MR. JAQUETH: That would be one way of doing it, if
8 you want to call it an authority. It would be like the Bay
9 Bridge Authority, or something else. I merely point out this
10 is a way, in answer to the question of what would be a more
11 economical manner of constructing school buildings than the
12 present manner.

13 ASSEMBLYWOMAN DAVIS: One further point. Do you
14 anticipate there is a probability, if the legislation might be
15 written, that you might suggest that the schoolhouse planning
16 section of your department then would also have to approve the
17 plans that the school authority suggests?

18 MR. JAQUETH: Perhaps I should straighten it out.
19 The schoolhouse planning group that you speak of is a Department
20 of Education division, and the whole allocation division is a
21 division of the Department of Finance, and it is the servicing
22 agency for the State Allocation Board.

23 So you have the two groups at the present time.

24 ASSEMBLYWOMAN DAVIS: Well, I am referring to the
25 Department of Education then, because that is where I am dis-
26 satisfied.

1 ASSEMBLYWOMAN DONAHOE: Schoolhouse planning.

2 MR. JAQUETH: Can we let that rest, that that is the
3 Department of Education, at least for the moment?

4 ASSEMBLYWOMAN DONAHOE: You just hold it up.

5 MR. JAQUETH: Further, in response to this request,
6 the following amendment is suggested relating specifically to
7 replacements -- and this would be in the actual sentence struc-
8 ture of your bill:

9 Strike out the period on line 29 of page 3 of the
10 printed bill and insert after the word "replacement" as follows:
11 . . . to the extent the Board finds that it would be economical
12 or good practice to replace the facilities. In making such
13 findings the Board shall investigate and consider:

14 1. The educational adequacy of the buildings as
15 reported by the Department.

16 That is somewhat now as you have it in your bill, but
17 it is not spelled out too clearly, Mr. Hegland.

18 2. The economics of replacing, rehabilitating,
19 or expanding the facilities, including the factors of
20 initial cost, maintenance and operation costs, the
21 quantity of building area in the facilities and their
22 intended use, disposition of replaced facilities, and
23 the location of the facilities as related to land use
24 and to the density and distribution of the population
25 of the district.

26 I would like to discuss these, if I may, Mr. Britschgi,

1 when I finish them.

2 CHAIRMAN BRITSCHGI: Yes.

3 MR. JAQUETH: 3. The present and probably future ade-
4 quacy and usefulness of the facilities with respect
5 to their location in the district, size, feasibility
6 of expansion, and character of the immediate environ-
7 ment.

8 4. A suitable priority and scheduling of the
9 accumulated replacement requirements of the school
10 districts of the state in a manner that will not
11 place an undue burden on the fiscal resources of the
12 state in any one year.

13 Now, if I may return up to number two, this is in
14 line -- items two, three, and four, Mr. Britschgi, with your
15 statement of a few moments ago of attempting to place at least
16 clearer statements in the act of just what might be done and
17 how far any agency that does those things may go.

18 Now, the economics of replacing, rehabilitating, or
19 expanding facilities: I might tell the Board that we do have
20 applications that, let's say, are really turned around; that a
21 school district, in its design, it seems -- and it only seems,
22 we have not run this down to the ultimate end -- that the
23 design and location of the school is such that it would create
24 the necessity of buses carrying the pupils. The general prin-
25 ciple, as set forth by planning people and as set forth in all
26 of the journals we read about school location, is that perhaps

1 an elementary school should not cause its people to walk over
2 one-half mile, and the location should be such that they can
3 easily reach the school. But I merely point out this example;
4 and it does seem that in some instances the schools, to increase
5 other items which they usually carry, such as the necessity for
6 buses, have located their schools in certain locations where
7 they are and in a certain manner; and sometimes the design is
8 of a manner which could be more economically made and so admit-
9 ted by the school district.

10 But they feel, "This school, we would like to have it
11 appear to be so and so." One district was looking for an archi-
12 tectural prize. And that type of thing. So if you want to
13 spell out things, Mr. Britschgi, this type of thing would be the
14 type of thing I would think you would want to include.

15 So this concludes what I think we feel you have asked
16 for.

17 ASSEMBLYMAN HEGLAND: Before you leave this point, I
18 would like to comment, Carl, that I think these suggestions on
19 page four, having to do with the suggested amendment to Section
20 30026, are certainly needed if anything like this is to be sub-
21 mitted, even if we go on a county basis instead of a state basis.
22 It is going to be real tough. It is already tough. And if we
23 are going to let some cities replace all their schools because
24 someone says they are not quite as new and quite as modern as
25 they should be, we would go broke inside of two years.

26 ASSEMBLYWOMAN DONAHOE: You would have to spell it out.

1 ASSEMBLYMAN HEGLAND: And there has to be a limitation
2 on that replacement gimmick.

3 CHAIRMAN BRITSCHGI: Aren't we doing that right today?
4 You have no control over your school, and you may have a dist-
5 rict that is in perfect condition. And somebody comes along
6 with the bright idea, as Mr. Jaqueth just stated, that they are
7 going to win a prize in architecture. The school immediately
8 then becomes an impoverished district or is eligible for state
9 aid, but would never have been had they done everything properly.
10 Somewhere along the line we should have some type of control, to
11 my way of thinking, of at least advising the people properly. I
12 don't mean to go in there and tell them they don't do this,
13 that, or something else. But there should be some clearing
14 house on this whole process. What it would be I haven't the
15 slightest idea at the moment.

16 ASSEMBLYMAN ANDERSON: Aren't you doing some of these
17 things now?

18 MR. JAQUETH: I would say some of them we are, and
19 attempting to do some of the rest of them.

20 ASSEMBLYMAN ANDERSON: Could you elaborate and tell
21 us which ones you are doing under rules and regulations, perhaps?

22 MR. JAQUETH: Presently the Act states that the Allo-
23 cation Board shall establish a standard of price for schools,
24 and the state has been divided into nine more or less geographic
25 areas for the purpose of those prices. For instance, one up
26 north; in the San Diego area there is another area. And controls

1 then are approved by the Allocation Board for a certain amount
2 per square foot. We will use \$13.00 as perhaps a fair figure;
3 \$13.00 per square foot of cost, and we really have to work at
4 it to complete the attempt of controlling the costs. Take this
5 room here, for instance. You have the acoustical tile on the
6 ceiling, which probably runs twenty to twenty-five cents a
7 square foot. Now, it is probably a half inch in thickness, and
8 in most schools most architects include that very same thing in
9 such rooms as they want acoustical treatment for. But some
10 districts feel they should have three-quarters of an inch in
11 thickness, or they feel that they should have another type of
12 acoustical material which is more decorative and costs fifty
13 cents a square foot before you ever put it up there; and it is
14 wonderful stuff. But those are the kinds of things that we have
15 to look for.

16 The excess tile cost is another example that I think
17 you all can picture. We had one school district that brought
18 in its plans, and the tile in the gymnasium was from the floor
19 clear up to the ridgepole of the roof. Now tile, I think you
20 all know, is a little expensive to put in place. That is an
21 exception, but we do have many schools, districts, and archi-
22 tects, who feel that for best schoolhouse planning the tile
23 should be six or seven feet in height, where ordinarily four and
24 five feet is sufficient.

25 Those are little things of that kind. We have a plan
26 review section. This asphaltic type of floor covering that you

1 see here in this particular room is commonly used in schools,
2 and there are different types -- vinyl floors and others -- that
3 are almost twice as expensive and perhaps they are felt by some
4 to be more serviceable. Then there are different price ranges
5 in the vinyl floor as well as there are in the asphaltic floor.

6 And we keep busy in searching through plans and speci-
7 fications to keep the costs down. And so each three months we
8 report back again to the Allocation Board concerning any change
9 in cost. That change in cost was not related to the desire of
10 the district to have, we will say, an expensive acoustical
11 material, but it is made on the basis of the cost of labor, on
12 the basis of the cost of steel, on the basis of the cost of
13 cement and transportation and lumber and those items; and we
14 check that every three months. It is kind of a laborious job,
15 but it really has paid off.

16 But once the procedure is set up and once we have
17 established, if we call the contacts, and in certain areas,
18 through labor groups or through certain manufacturing groups or
19 certain retail-wholesale outlets, then it becomes and is rather
20 a simple thing to do. And we have kept the costs so they have
21 not increased hardly at all. Right now we are at about the same
22 costs as they were in 1954. It did go up a little. And they
23 have gone down, and we have had some complaints in some school
24 districts that we should raise the cost for their particular
25 district.

26 In that particular type of an application, we do. We

1 go right back down to the school district area and we find per-
2 haps that a labor change has been made, that they pay labor an
3 extra amount, which might cause an increase in the costs.
4 Oftentimes, however, we find that no cost increase is justified.
5 It is merely the architecture of the buildings.

6 I am taking a long time, perhaps, to answer your
7 question. I have tried to.

8 ASSEMBLYMAN ANDERSON: Well, then you do have to apply
9 these measurements to carry out your responsibility. Do you
10 think the Code should be left as it is or should these things be
11 spelled out?

12 MR. JAQUETH: This spells them out in about the way
13 we have spelled them out in our rules and regulations.

14 ASSEMBLYWOMAN DONAHOE: Mr. Chairman, actually then
15 isn't this what you are writing into the bill, more or less a
16 sliding scale of adjustment, rather than spelling out so much
17 per square foot for this or cost for that; you are really writ-
18 ing into the bill the mechanics. You are going on a sliding
19 scale, adjusting your approval to the standards and operations
20 at that specific time?

21 MR. JAQUETH: That is right.

22 ASSEMBLYWOMAN DONAHOE: Which is only common sense.

23 ASSEMBLYMAN HEGLAND: Well, Mr. Chairman, since Mr.
24 Jaqueth is here, whether this bill or any other bill goes
25 through, I would like to have one little bill put through, and
26 I am sure your department would like to put it through.

1 There is someone -- I won't say where it happened,
2 because it might be a little embarrassing to me -- but someone
3 has developed a gimmick of surveying out a building and then
4 getting more state aid as a result of it. Do you need a bill on
5 this, or how do you stop this kind of business?

6 MR. JAQUETH: I don't know just what you mean by that,
7 other than maybe--

8 ASSEMBLYMAN HEGLAND: Well, somebody some place in the
9 State of California had a building, and by removing it from
10 their property they were then eligible miraculously for addition-
11 al state aid.

12 MR. JAQUETH: That may be so. But let's explore that
13 just a little, Mr. Hegland; that the school district, before it
14 applies, let us say, to the state for funds, suddenly and quick-
15 ly sells its building or part of its site. We have had that
16 question come up, and we have turned it over to our legal boys,
17 and in two instances I can think of right now we have gone back
18 to the district and have collected the amounts that the district
19 received for such sales.

20 However, there comes a question of policy, how long
21 ago could the district have sold, we will say, a building and
22 not have those funds applied to new construction? But the in-
23 stances that we have collected on were those where it was very
24 clear that the district did sell immediately just before they
25 applied to the state, and the Attorney General's office, as well
26 as our own legal staff, declared they should include those funds

1 and the district didn't care to take it further; and the local
2 district attorneys went along with our attorneys.

3 CHAIRMAN BRITSCHGI: Mr. Jaqueth, again going back to
4 this problem of school building, we are talking about here the
5 effect of a cause. Now, I would like to have your thinking for
6 the record on how we are going to stop the cause. Now you are
7 only talking about state aid and that is all; where your depart-
8 ment comes in, as I understand. You don't have too much
9 difficulty, as far as anything else goes. Until someone comes
10 in to the State Aid Department, your department or any other
11 department has little to say as to how we are going to adminis-
12 ter some of these things. Now, I am thinking this: Is there
13 some avenue by which we can approach this problem, in stopping
14 it before it ever gets to your department? I would rather
15 have everybody off state aid we possibly can. Not that I want
16 to work you out of a job, but I would like to see state aid
17 eliminated if we can do it. But how are we going to stop the
18 school districts from falling into state aid? Maybe by proper
19 advisement or something along that line?

20 MR. JAQUETH: Certainly, it would require legislation--
21 I don't think there would be any question about that -- of one
22 type or another. You might remove the bonding limit entirely
23 and tell these school districts, "There is no further five per
24 cent limitation for your elementary schools. In that case the
25 state is not in the picture at all. Build to your hearts' con-
26 tent."

1 To follow the suggestion that I think Mr. Lentz
2 probably would have explained a little further had he taken
3 more time, in regard to the ability of a district to pay its
4 own way, it may be that the present procedure used for the
5 Allocation Board in approving applications to needy districts
6 where we are able to make loans for water, sewer, and other
7 purposes, is on the basis of need; but the formula developed on
8 that is derived from the overlying tax burden. It is on the
9 particular district. Those districts are comparable in size,
10 some larger, some a little smaller, than school districts.

11 But in those cases the district is assessed at -- I
12 shouldn't use the word assessed -- in those particular districts
13 an investigation is made concerning the amount of indebtedness
14 that each particular tax payer needs to pay, in order to pay off
15 the present debt of all of the districts' indebtednesses that
16 are piled on his particular property. And when that indebted-
17 ness reaches a certain percentage and the local bonds of the
18 district are not salable, then the district may apply and
19 receive a loan from the state.

20 Now, there may be an opportunity here, on the basis
21 of school districts, to develop something similar to that. I
22 don't think it could be exactly the same, but I think it could
23 be something the same, as was stated by Mr. Hegland a while ago.
24 On one side of the street the dwelling owner is perhaps able to
25 pay his way, and on the other side of the street he is not, and
26 it may be because of these other types of things or because of

1 his own financial ability. His financial income to himself may
2 not be sufficient to pay his bills. And I wanted to pass that
3 along to your committee, that perhaps there is an opportunity,
4 if you were looking for another manner of helping school dist-
5 ricts, from the standpoint of being distressed, that this
6 present method was devised by the author of the bill before it
7 was passed.

8 He told me at the time, while he was milking his cow
9 one evening, that he happened to think -- he was thinking about
10 the same as Mr. Hegland -- that the present load is poured on
11 top of the residential owner and the person that has industry
12 or the industrial areas are not particularly helping to the
13 extent they should, so why shouldn't we, because of the bond
14 limitations in the districts, help the dwelling areas from which
15 the pupils come?

16 Now, it does seem that there may be some other satis-
17 factory way, rather than the existing distressed school district
18 manner of helping school districts, whether they are in a pre-
19 sent distressed status or whether they are the type of district
20 that are presently non-state aid and adjust the matter of pay-
21 ment on the part of the district to the school construction
22 costs.

23 CHAIRMAN BRITSCHGI: Let me ask you just one more
24 question. I don't want to appear to be wanting to dwell too
25 much on this subject, but what is your thinking or the thinking
26 of the Department on a distressed district, on a smaller acreage

1 limit, as far as the school is concerned? I think it is ridicu-
2 lous to require a school to have so many acres of -- let's
3 assume very valuable property, to some extent. I think we have --
4 what is it -- ten acres for grammar schools, or something like
5 that, or so many acres per class.

6 ASSEMBLYWOMAN DONAHOE: For expansion and playground.

7 CHAIRMAN BRITSCHGI: Don't you think we are going to
8 have to take a good look at that pretty soon, as far as state
9 values are concerned? I am thinking of my own high school.
10 \$20,000 an acre, I think we paid.

11 MR. JAQUETH: That is part of the discussion back here
12 on the economics of site location. Rather than to give you my
13 own personal opinion, I give you the findings we have made in
14 the Allocations Board report on a completed project. At the
15 present time we have had nearly 2000 of these school districts,
16 and there have not been that many sites; but the site purchase
17 part of the application is based on a three-year projection.
18 So on those schools which now have gone through a three year
19 period after they completed their construction, we have made
20 investigations, and it does seem that maybe the school districts
21 have purchased sites which are too large. We find in some
22 instances -- and I am not speaking of isolated cases -- where
23 the three or four acres actually is fenced off and is not used
24 at all by the school. We find in others that the school com-
25 pletely rough-grades its entire ten acres, and perhaps away
26 over in the opposite corner from the school a basket ball

1 standard is put up there, and the little area around that bas-
2 ket ball standard is used slightly. It is a very difficult
3 thing to say whether or not a site is used, just as such. Now,
4 the present act states that if the facilities -- and the pur-
5 chase of a site is a facility and a part of the loan -- if the
6 facility is not used within the three-year period, the district
7 must then return to the state a proportionate share of that
8 cost represented in the unused facility, and that is the reason
9 why we have needed to go back out and investigate these sites.
10 And I think, as you apparently are thinking or at least you have
11 expressed an opinion, that you are agreed somewhat with the
12 City of Los Angeles. They used to buy ten acre sites. Now,
13 they are only buying seven acre sites, and on those seven acre
14 sites they are placing four more pupils per plant -- per school
15 plant -- than is being placed on other types of school facili-
16 ties around throughout the state. The Los Angeles people buy
17 the seven acres, and they develop it fully. At least, they put
18 a small amount of pavement so they don't have weeds to maintain,
19 and they have limited themselves to not more than seven acres
20 for their elementary schools.

21 So perhaps, Mr. Chairman, I could just conclude those
22 types of remarks, to the extent that perhaps it would be worth-
23 while for the committee to at least look into the site areas
24 that are now being provided for schools of different types.

25 CHAIRMAN BRITSCHGI: I think you are absolutely right,
26 especially certainly with the increased valuation of property

1 nowadays. Years ago you could pick up property. I know our
2 junior college here in San Mateo County finally ended up on a
3 financial suit, being over \$6,000 an acre on stuff that was
4 considered a wilderness three or four years ago. But there
5 being over, I guess, twice as much as what had been anticipated
6 at the start. And I think all land values are going up to the
7 point where we will have to cut down some on these schools.

8 MR. JAQUETH: We have appraisals by at least two dif-
9 ferent appraisers, and regularly acknowledged fair appraisers,
10 of the area before the Allocations Board will make an allotment
11 for school purposes. In many cases we do go through condemna-
12 tions; usually that is expensive.

13 ASSEMBLYMAN HEGLAND: One more question: Mr. Jaqueth,
14 just to be a philosopher for a moment, I want to ask you this
15 question. I want you to reply just as a citizen. What is go-
16 ing to happen to our present state aid program, in your judg-
17 ment, if Los Angeles elementary schools continue with their
18 plans and do enter the state program and if communities such as
19 Oakland, who are now discussing this -- I don't know whether
20 they are discussing it openly or not -- if they come in the
21 program? How greatly is this going to strain state finances,
22 in your judgment, just as a citizen?

23 MR. JAQUETH: Well, the Los Angeles school system
24 probably is one-third as large as the present state aided
25 schools might be around through the state.

26 ASSEMBLYMAN HEGLAND: What is this proportion now?

1 MR. JAQUETH: About one-third.

2 ASSEMBLYMAN HEGLAND: Only would increase it by a
3 third?

4 MR. JAQUETH: Well, I am just speaking off the cuff.
5 I have been talking with the Superintendent of their schools,
6 and I think you are speaking of elementary. Now, it would be
7 even less than that, I believe. But the total system would
8 probably be about equal to what the state aid is. But the
9 elementary would be less than that.

10 However, they limit themselves to a certain amount of
11 construction each year, and certainly they would not make the
12 request to the state for everything at one time simply because
13 they themselves would not have the facilities to do the construc-
14 tion of all those facilities at one time, nor to design them.

15 ASSEMBLYMAN HEGLAND: If Oakland and Los Angeles both
16 come in, though, we are going to find difficulty raising the
17 money, aren't we?

18 MR. JAQUETH: Surely.

19 CHAIRMAN BRITSCHGI: Any other questions? Well, thank
20 you very, very much, Mr. Jaqueth. We have been looking forward
21 to this report of yours, and I want to tell you that we appreci-
22 ate your cooperative discussions and frank discussions with us;
23 and that is actually what our committee has been looking for-
24 ward to.

25 Now, we have some other gentlemen here from various
26 school departments, and they have indicated that they did not

1 wish to be heard. But I wonder now, as long as we have Mr.
2 Jaqueth here, if some of you gentlemen wouldn't like to bring a
3 problem or two that you have, and maybe we could hear it and
4 discuss it with Mr. Jaqueth at this particular time.

5 What we are trying to do -- there are four gentlemen
6 here -- if we could conclude in about an hour we won't have to
7 come back in the afternoon and drag you on back. But I don't
8 know whether anyone wants to be heard.

9 Yes, sir. Would you come forward and give us your
10 name? We will certainly be glad to hear from you.

11 MR. HARMER: I am Ralph Harmer, Santa Clara County
12 School Department Superintendent's office, and I would like to
13 raise a couple of points for consideration in this thing.
14 Previous to this, I would like to clarify some of the things
15 that were done in this matter of establishing furniture in the
16 recent allocation bill. Now, Mr. Curtis, who represented--

17 CHAIRMAN BRITSCHGI: Just a moment. Mr. Jaqueth,
18 will you listen to this? We are going to talk about furniture,
19 so we will expect the answer from you.

20 MR. HARMER: Mr. Curtis, who represented the lower
21 Peninsula area, was the president of the Superintendents'
22 Association, which was probably one of the reasons he was pick-
23 ed. But Mr. Curtis called together all the people who were
24 under the state-aided program in his area for consultation on
25 at least two or three occasions, prior to sitting with the com-
26 mittee and making recommendations. So I think everybody that

1 was then under the state-aided program had an opportunity to be
2 heard and make the recommendations.

3 ASSEMBLYWOMAN DAVIS: Mr. Chairman, may I ask Mr.
4 Harmer, whom I know personally because he used to be in Plumas
5 County, this -- Now, you say "in his area"?

6 MR. HARMER: Yes.

7 ASSEMBLYWOMAN DAVIS: And that is all?

8 MR. HARMER: That is all.

9 ASSEMBLYWOMAN DAVIS: He called those people together,
10 and upon the information he gathered from them he submitted his
11 recommendation?

12 MR. HARMER: He was able to make the recommendation
13 of that area, which would have to be considered in terms of
14 recommendations from other areas. Then, of course, there is
15 quite a bit of feed-back because at the same time as this is
16 happening we have field men from the State Allocation Division,
17 who are appearing twice a month in our county to meet with
18 these people. They hear the objections, take them back to
19 Allocation, and come back on the problems. So I think there is
20 a real effort made to try and make this functional.

21 That is just aside from what I really want to bring
22 up, which was this question of the county possibility -- if
23 this couldn't be put on a total state situation -- and this is
24 of considerable interest to me, because we have had a number of
25 taxpayers in our area who have requested the consideration of
26 the possibility of a county-wide tax for equalization purposes;

1 this grows out of such things as this. We made a study of the
2 Ford plant, and of the 2400 employees there, there were only
3 forty that lived in the area that the school district serviced.
4 That is, the tax availability of that plant for school purposes
5 was taking care of forty workers and their families.

6 In the IBM area, out of 3000 employees, there were
7 eight living within two miles of the plant. Where were these
8 people living? Well, they were living all over the valley, but
9 primarily in that portion of the valley that had no industry.

10 This poses really a tremendous problem. We have been
11 studying the possibility of changes in boundary lines, if not
12 school organization, and I find the school people are somewhat
13 in the position of large corporations. The only thing you can
14 annex with is a tax loss. As an impoverished district, if you
15 annex to a wealthy district, then the impoverished area loses
16 its opportunity for state aid. So the real marriage should be
17 taken care of between two poverty-stricken areas, because they
18 will still be eligible for state aid.

19 This is something that is inherent in this thing. I
20 am not saying it is good. It is a real problem.

21 They are also afraid to change boundaries that should
22 be changed because we would run into tremendous problems on re-
23 payment of old bonds, repayment of loans, with the end result
24 that we find that district boundaries almost compel at times
25 poor location of schools. A school could be placed near the
26 corner of an area, but this is straddling the boundary line or

1 not taking it into account. Then we will have a subdivision
2 come in, as we have learned, building 1800 homes within a year
3 in a district that anticipated nothing like this. This was
4 meadow land and was already impoverished.

5 Their immediate desire was to get somebody else to
6 annex the area. Nobody else desires to annex the area.

7 Now, as I see this, I think there is some real merit
8 in this county-wide application, but we have the problem of the
9 city districts, who, through rather good management over a
10 period of time and good tax valuation within the city itself,
11 are, first, not under the regulations of school planning on
12 sites and other things, and who are not under allocations, in
13 the main, and who would oppose, probably, the county-wide tax
14 for equalization purposes. I don't know how this could be sold
15 any more on a county level than it could on a state level, with
16 the exception of possibly not looking at it as a solution in
17 one bill; but probably some legislation on the fringes of this
18 thing, that make boundary changes simpler, without financial
19 loss, letting things remain as they are. What is the answer, I
20 don't know.

21 I wanted to call these to your attention, because this
22 is a specific area with which I am familiar. It is an extremely
23 rapidly growing area. It has great diversities and ability to
24 support its schools, and we have been seeking some possible
25 answers to this for eighteen months, and have come up with
26 nothing that we think we could sell to anybody in the Legisla-

1 ture. Thank you very much.

2 CHAIRMAN BRITSCHGI: Actually, what you are speaking
3 of, Mr. Harmer, is the unified school district.

4 MR. HARMER: Well, I think this is another question.
5 Now, one of the economic reasons for the unified school dist-
6 ricts is the spreading of the tax base. Now, we are actually
7 proposing the spreading of a tax base without changing the
8 organization of school districts at all. In this manner, I
9 don't know what happens.

10 One of the things which we say unified school districts
11 secure, which is most valuable, is an articulation of the edu-
12 cation from kindergarten through. I mean, if we don't speak
13 about the economic advantage of it. Now, I am not prepared to
14 say whether a county-wide tax or an area-wide tax -- we don't
15 need to use the county as a boundary -- would encourage or dis-
16 courage reorganization of school districts. I am not prepared
17 to say. I don't know.

18 ASSEMBLYMAN HEGLAND: I would like just to raise this
19 question, because actually the person on the committee who
20 really put this concept together was primarily Dick Wright. Now,
21 Dick's point of view -- and he is not here; he is on another
22 committee now -- was that it is not sound education procedure
23 to draw up district boundaries from an educational point of
24 view, in order to provide for the financing of those districts;
25 this is another type of a problem.

26 Now, unless you do have a county-wide or an area-wide

1 or a state-wide tax, one of the problems, one of the determin-
2 ing factors, in this world in which we live now, is that you
3 are going to have to draw those boundaries with some respect to
4 economics, either with respect to your relationship with Santa
5 Claus in Sacramento or with respect to the location of the IBM
6 plant. But the location of the IBM plant is not an educational
7 factor.

8 Now, this is Dick's point of view, is that school
9 boundaries should be drawn on other bases, rather than the
10 economic basis, and the only way to do that is to have area-wide,
11 county-wide, or state-wide taxes. Does this make sense to you?

12 MR. HARMER: Yes, it does, and I might tell you that
13 a County Grand Jury committee on governmental provisions in our
14 county studied this year and pushed us to some extent to
15 approach the County Board of Supervisors, County Planning, to
16 look into a program of study of the entire area; not only from
17 the standpoint of school districts, but fire districts and
18 sanitary districts and sewer districts, and all of the overlap-
19 ping functions. And we had a meeting last spring and had the
20 approval of both elementary and secondary administrators to pro-
21 ceed with such a study, with some misgivings. They didn't want
22 this to come out with the proposal that we reorganize the county
23 on the basis of some recommendation. But County Planning has
24 been quite concerned about this because, as you say, we look at
25 the school districts, and they were once established on about
26 ten square miles of an agricultural area, which has been

1 infringed upon by all sorts of jurisdictions, and they are no
2 longer making very much sense because we have a freeway coming
3 right through a district, which wouldn't make circulation on
4 either side of this freeway particularly feasible; and the only
5 thing we can see is that possibly a study, widely disseminated
6 to all people of an area, could lead to some consideration of
7 organization, apart from economics and apart from local pride
8 and in terms of how are we going to live in this mess if we
9 don't do something about it. I took a long time to answer your
10 question. Thank you.

11 CHAIRMAN BRITSCHGI: Now, the next witness we have is
12 Robert Hanley, of the California Farm Bureau Federation.

13 MR. HANLEY: Mr. Chairman, ladies and gentlemen of
14 the committee: I am Robert E. Hanley, legislative representa-
15 tive of the California Farm Bureau Federation. I don't know
16 just exactly how much I am going to be able to contribute to
17 you in the way of assistance in this very serious question that
18 you have undertaken this study of, and we certainly are grati-
19 fied to know that the Committee is delving into it as thorough-
20 ly as they are, because I think you recognize that the farm
21 people of this state are feeling a very, very severe tax squeeze,
22 and this is just one of the areas of it.

23 At the outset I would like to say that our organiza-
24 tion again is supporting Proposition No. 2 on the November
25 ballot, the school bond issues, as we have -- I wouldn't say
26 traditionally and historically -- but as we have done in the

1 past. However, because of the concern over this question, the
2 directors this time did recommend that further study be given
3 it, and of course that is what you are doing.

4 Our people would hesitate to recommend it to you or
5 to Congress that we have any massive federal aid program. We
6 feel that these problems are ones that can be met by the people
7 of the State of California, and that we have a dynamic economy
8 here that is producing tremendous wealth, and that when we find
9 equitable answers we will meet these problems.

10 I think we know, and we have had certainly very clear
11 expression from the Supreme Court of the United States as to
12 what happens when you take federal aid. It was said very clearly
13 in the Ivanhoe case that when Congress gives the aid they shall
14 dictate the terms, and that is in relation to the 160 acre limi-
15 tation provision of the Bureau of Reclamation Act. I think that
16 is probably a rule of the thumb, if we might use it, that will
17 apply to any federal aid program. We are finding it in the
18 highway program, as well.

19 But the real question that bothers me, Mr. Chairman,
20 is the use of the assessed value of taxable property as a realis-
21 tic measure of wealth. There are a number of these questions
22 that are in the area of the philosophy of the whole thing, that
23 I think it is time we have to take a very good look at, not only
24 in connection with the school program but on a number of others
25 of these taxing programs, because we see these inequitable
26 effects of the movement of people into districts in the areas

1 and the increase of the assessed value, with a consequent in-
2 crease of taxes. You find the tax base being narrowed and it
3 results, I think, not only in inequity for the citizens of the
4 state but for the children, too, when we use that as a base for
5 taxation. Let me just take a moment to give you an illustra-
6 tion. I have some information here on farm property in Califor-
7 nia. Do you know, of the hundred million acres of land area in
8 this state, according to the 1954 Bureau of the Census, over
9 fifty percent of it is publicly held, and, of course, off the
10 tax rolls. Of the remainder, thirty-seven million, almost
11 thirty-eight million acres are in farm ownership in California,
12 and the Bureau of the Census, of course, defines a farm as one
13 down to three acres or one that produces \$250 annual gross
14 income. And so you know who is feeling the impact of the
15 growth we see.

16 In addition, the value of the lands and buildings per
17 farm -- the average value -- and this includes again the three-
18 acre farm in the state in 1954 -- was over \$60,000 per farm.
19 For example, let me take Mr. Britschgi's county, San Mateo
20 County. There are 484 farms, according to the 1954 census -- I
21 know there has been quite a bit of attrition since then, but
22 these are pretty relative figures -- with a total acreage at
23 that time of about 84,000 and an average value of land and
24 buildings, even in San Mateo County even at that time, of
25 \$60,800.

26 In Contra Costa County, which has felt a terrific

1 impact of bedroom area, 1,812 farms, 324,000 acres, with an
2 average value of land and buildings per farm of \$80,000.

3 And so on through the state. Now, I think you recog-
4 nize, particularly in San Mateo and Contra Costa, the effect of
5 the veteran's exemption in this situation. This is being
6 investigated by Senator Gibson's sub-committee on the veterans'
7 tax exemption. If you haven't seen this report of the committee
8 I certainly would commend it to you, because it has some very
9 excellent and very valuable research material in it.

10 The impact of the veterans' exemption on assessed
11 valuations in Contra Costa County, for example, shows that in
12 1956 there was a total assessed valuation of \$651,000,000 in
13 that county, and the value of the veterans' exemption was
14 \$29,837,000, or nearly five percent of the total value.

15 In San Mateo County, the total assessed valuation in
16 1956 was about five hundred seventy million, with a veterans'
17 exemption of thirty-two million, or 5.69%.

18 Now, we see the inflated values, as you pointed out,
19 Mr. Britschgi, and the narrowing of the tax cut and the tax
20 bite is really very severe. And there again I get back to that
21 question, is this matter of assessed value of taxable property
22 the real measure of wealth?

23 Let me point out, for example, the difference in the
24 income of these counties, agriculturally speaking. Fresno
25 County, with a value -- an average value -- of \$54,752 per farm
26 in 1954 -- and Fresno County is the number one agricultural

1 county of the nation -- produced \$208,212,000 in 1954, dollar
2 value of agricultural product, with an average of \$54,000 in
3 buildings.

4 Colusa County, with an average value of \$116,000 per
5 farm in land and buildings, which is double what Fresno County
6 has value per farm, produced \$25,500,000. Now, look at the
7 difference. I certainly wouldn't advocate that we levy taxes
8 on the basis of productive ability, at least to the extent that
9 it would destroy the goose that lays the golden eggs, but I
10 think these are really pertinent questions for consideration.

11 Probably I should be making this pitch before the
12 Revenue and Tax Committee, and I hope I have the opportunity to
13 do so, because I think these are important things.

14 Then we get to the question of the philosophy of the
15 schools themselves. You brought up the question, Mr. Britschgi,
16 of the site size, and Mr. Jaqueth gave us very interesting
17 information as to what Los Angeles is doing in that respect.
18 I think that can also be applied to classroom size, also, and
19 student-teacher ratio, as well as site size.

20 What would happen to our problems in the state today
21 if the classroom load, shall we say the pupil-teacher ratio,
22 was increased by one-third? What would the effect be? You have
23 got to consider, of course, the effect on the educational
24 program, but what is the financial effect, too? These are fac-
25 tors, I think, that we must examine very, very carefully,
26 because the people are asking that they be examined.

1 I don't have any statement officially to make for the
2 committee in relation to the proposal under consideration. I
3 hope that after our annual meeting next month in San Jose we
4 will be in a better position to make some clearer statements,
5 but I did want to bring these to your attention, because these
6 are questions that our people are looking at and considering
7 very, very carefully and endeavoring to find some suggestion on
8 them.

9 I know that it would be very optimistic to say that
10 we might come up with an answer. I don't think we can, but
11 maybe some suggestions that would be helpful. I appreciate
12 this opportunity.

13 CHAIRMAN BRITSCHGI: Let's see if we have a question
14 or two, Bob. Any questions?

15 ASSEMBLYMAN HEGLAND: Bob, would you think your
16 organization would support a pay-as-you-go or partial pay-as-
17 you-go system, instead of these bonds?

18 MR. HANLEY: Well, you are asking me, Mr. Hegland,
19 to look at my crystal ball, and I am just unable to see an
20 answer in it at this time. It is too close to our convention.
21 I know these things are under study, and within a month we will
22 have some definite policy.

23 CHAIRMAN BRITSCHGI: Your committee is studying this
24 same question?

25 MR. HANLEY: Yes.

26 CHAIRMAN BRITSCHGI: Would you, when your convention

1 reaches a decision, send to our committee your findings?

2 MR. HANLEY: I would be very, very happy to and appre-
3 ciate the opportunity to submit it to you, in writing if you
4 wish.

5 CHAIRMAN BRITSCHGI: Yes.

6 ASSEMBLYWOMAN DONAHOE: Is that an annual convention?

7 MR. HANLEY: An annual convention.

8 ASSEMBLYWOMAN DONAHOE: The reason I was asking, Mr.
9 Chairman, is that, as you know, on the other committee, Mr.
10 Porter's committee on a similar matter, the suggestion was made
11 that a preprint be made prior to the legislative session, with
12 all the copies going out to organizations such as represented
13 here today, plus all segments in the school area. There might
14 be a possibility of adding Mr. Jaqueth's recommendations here
15 and the ones that Mr. Lentz gave us verbally and maybe any
16 possible other changes, and we could have copies of the bill
17 tentatively mailed to all those organizations, so that most of
18 them, before March 1st, will have had either a state convention
19 or an area section meeting where real stands can be taken; so
20 that we don't always come to the dead end of the street --
21 "Well, we like it, but." The "but" is that you have to refer it
22 for action, so that even if your state convention took action
23 on this probably before March, if you had another copy of an
24 amended bill you would have time to take it up or at least come
25 forth and be qualified to make a statement, and by "qualified"
26 I mean having been given the authority by the voice of your

1 membership.

2 MR. HANLEY: That would work very well that way.

3 ASSEMBLYWOMAN DONAHOE: I think if we go more in that
4 direction we will get better legislation.

5 MR. HANLEY: Our board of directors meets regularly
6 in March in Sacramento.

7 ASSEMBLYWOMAN DONAHOE: We come up with lengthy bills,
8 and we come up to the next session and we can't go back to the
9 people and we have two years of interim and find ourselves in
10 the second cycle of two years of interim. And it gives the im-
11 pression that the interim is the kiss of death. But in other
12 areas it is a time to study. But if we don't wait, we pass
13 legislation or reject it because we haven't time to understand
14 it.

15 MR. HANLEY: I recall that interim committees such as
16 this years ago did result in constructive legislation. So I am
17 sure that in most instances that does occur. And I think these
18 are extremely valuable.

19 ASSEMBLYWOMAN DONAHOE: If we go toward that end, Mr.
20 Chairman, we will make a real contribution.

21 ASSEMBLYMAN HEGLAND: Carl, why don't you have Jim
22 take it up, and then you have a preprint.

23 ASSEMBLYWOMAN DONAHOE: Carley Porter is doing the
24 same thing.

25 ASSEMBLYMAN HEGLAND: I think, Carl, as Committee
26 Chairman, you should be the author of it, and I would be glad

1 to be the co-author.

2 CHAIRMAN BRITSCHGI: We have two gentlemen from San
3 Mateo County. I am very happy to have them here today. Mr.
4 Olson and Mr. Al Glantz. Mr. Olson, do you have something you
5 would like to say?

6 MR. OLSON: My name is O. H. Olson, and I am from the
7 Coordinating Committee on Youth Guidance in San Mateo County.
8 The things I have to say are not relative or relevant to the
9 bill, but I think I should like to bring to your attention the
10 fact that our delinquency situation in our state, as well as all
11 of the nation, is a concern to everybody, and we ought to do
12 something about it. As you probably know, Mr. Hegland and Mrs.
13 Donahoe, I have spoken before this group before relative to
14 doing something to rehabilitate and prevent delinquency. And
15 the schools and other agencies, both the Peace Officers' Associ-
16 ation, Youth Authority, Welfare Department, and so on, have been
17 meeting together, trying to come up with some kind of an answer
18 whereby we can take care of these youngsters and prevent them
19 from being delinquent before they actually come in the toils of
20 the law.

21 Under only one section of this proceeding here today
22 is there any reason for me to present it to you, and that is to
23 provide for housing for exceptional children. I just want to
24 bring this matter to your attention, that there are features of
25 rehabilitation which we can coordinately work together on,
26 whereby our youngsters may be prevented from going into Youth

1 Authority, Probation Department, a police situation. And I
2 would like to say that, as you know, I am a crusader from San
3 Mateo County. Well, I have been before you on several occasions
4 to present the twenty-four hour bill, which is possible under
5 the Education Code. Now, I am not going to insist on that as a
6 measure. I am pleading for prevention of delinquency and doing
7 something about the kids who are in difficulty before they come
8 to court. Our organization in San Mateo County has now develop-
9 ed so we have representation from Santa Clara County, and pre-
10 sent today we have Dr. Mitchell from Oakland and Dr. Campbell
11 from Berkeley, the Berkeley School Department, who are interest-
12 ed in working with us.

13 Now, Mr. Campbell wants to talk to you. He has a
14 problem which he hopes something can be done about. Under the
15 present situation it is not possible for his district to get
16 facilities which are available in a nearby area, and this might
17 come under the matter of finance. Mr. Campbell, would you like
18 to talk to that point?

19 ASSEMBLYWOMAN DAVIS: Mr. Chairman, before the other
20 gentleman comes up, this is something that I just happened to
21 hear. Not that I am not familiar with our tremendous problem
22 on juvenile delinquency. But I happened to note on television
23 the other evening a discussion in the Sacramento area relative
24 to the juvenile delinquency problem, and there was a great deal
25 of controversy between the City Council and the Law Enforcement
26 Officers, and one of the councilmen challenged the law

1 Enforcement Officers and he found -- this is what he said --
2 that the problem did not actually lie there. But the only body
3 that could do something about this terrific problem we have is
4 the State Legislature. And, of course, immediately my ears
5 perked up. And he made the statement -- and I was wondering if
6 you knew anything about it, because I don't recall myself, in
7 the years that I have been around there, that any such legisla-
8 tion was ever presented -- but he stipulated that continuously
9 the Peace Officers' Association has submitted to the Legislature
10 legislation that would actually be of assistance to this
11 particular problem and that it has never received recognition
12 and gone anywhere. Do you know anything about that? I am not
13 aware about that.

14 MR. OLSON: I can't speak for the Peace Officers'
15 Association except that they are represented in our group.
16 Specifically, Mrs. Davis, we have representatives of Peace
17 Officers' Association, Probation Department, Youth Authority
18 and others at large in the county, and our aim is to try to
19 prevent the youngsters who are, well, truant behaviour problems,
20 incorrigibles in school, and quite often get suspended, quite
21 often end up by being picked up by the Police, the Probation
22 Department, and so forth.

23 Our Juvenile Court is one of the prime movers in this
24 area, and possibly this is the type of thing that they were
25 talking about.

26 Our plea is that some motivation be given us, either

1 locally or state-wide. I know Mr. Hegland and I have had
2 several talks about this matter. And the crux of the situation,
3 it seems to me, is who is this person that we are talking about?
4 Now, we recognize this, and we were trying to facilitate matters
5 with the Legislature, because there is a law on the statutes
6 which we were trying to amend. Now, I am not sure, Mrs. Davis,
7 whether this was what they were talking about. I presume it
8 has some relation to it because the Peace Officers are not all
9 in agreement on the procedures which are followed by Probation,
10 for instance, or the Youth Authority; and that is where we have
11 to get together.

12 Now, if this is an educational process or a welfare
13 process or a peace officers' process, this is not our concern.
14 We think the prevention of our youngsters' going off the deep
15 end is the important thing, and therefore we would like to have
16 facilities made available. And please don't misunderstand me.
17 This facility or institution business immediately raises objec-
18 tions in everybody. What we are asking for is some mechanics
19 to prevent kids from going off the deep end. That is basically
20 our thought, and I think everyone will go along with that. The
21 question is, institutionalize him or, as Welfare Department
22 says, every child belongs in the home. Sure, we will agree to
23 this and I think you would agree to it. But we know there is
24 a certain percentage of youngsters whose homes are, well, whose
25 homes are ill-prepared to take care of their needs; may I put
26 it that way?

1 Now, then, who does what for these kids to prevent
2 them from going off the deep end? I think this is our problem,
3 and I think something has to be done about it, and I rather
4 suspect that this is not necessarily pertinent to the financing
5 of these allocations. But somewhere this exceptional child can
6 be defined. The person I am talking about is an exceptional
7 child, and therefore some procedures should be arranged for him
8 to be taken care of or educated or rehabilitated.

9 CHAIRMAN BRITSCHGI: I might say this to you, Mr.
10 Olson, that it is just too bad you didn't come along about
11 twenty or so years ago. I admit Mr. Olson was my school teacher
12 and he would probably have kept me out of falling off the deep
13 end a few years earlier.

14 MR. OLSON: May I call Mr. Campbell?

15 CHAIRMAN BRITSCHGI: Yes.

16 MR. CAMPBELL: I am A. B. Campbell, Assistant Super-
17 intendent of Schools in Berkeley. Mr. Olson has given a very
18 fine presentation of the real need, and I don't need to review
19 that. But I think, as you all know, in terms of this bill on
20 the books, the twenty-four hour a day school bill, we do have a
21 terrific problem of finance. That is one important considera-
22 tion, and the other is the matter of housing.

23 Now, Mr. Olson has really deferred to me, I think, in
24 this matter of housing. We have, just outside of Berkeley, an
25 abandoned anti-aircraft headquarters that the Army had. It has
26 been abandoned for some time. I know we could have access for

1 the leasing of that. It is actually in the Oakland School
2 District, however. We cannot have any kind of public educa-
3 tional institution outside of a district, except for a junior
4 college.

5 Now, we would look with a lot of longing at that
6 plant up there if we could get the money to rehabilitate it and
7 be able to count on A.D.A. for our activities.

8 So we would hope that in this item you have under
9 Housing, maybe for exceptional children -- I think there is one
10 item listed on your agenda for that -- that possibly some pro-
11 vision could be made for it.

12 CHAIRMAN BRITSCHGI: Wasn't this the same bill Byron
13 Mumford had last year?

14 MR. CAMPBELL: I don't know that.

15 CHAIRMAN BRITSCHGI: It seems to me it rings a bell.

16 ASSEMBLYWOMAN DONAHOE: Mr. Chairman, just to show Mr.
17 Campbell that all of the fault doesn't lie in the Legislature,
18 if we can learn to discipline some of our administrators to take
19 some of these youngsters it would help us -- I don't know
20 specifically which area this is -- I know it is no school per-
21 son present here. But in the Bay Area, either very close to
22 yours or in your area vaguely, there was a boy who stole a car
23 the same day one of the movie stars' sons stole a car; only, of
24 course, the movie star's son didn't steal it, he borrowed it,
25 because he could afford to have a big name attorney defend him.
26 No one could defend this other boy.

1 So there was no act of violence given at all. The
2 car was parked there; the ignition key was in the car; and it
3 was unlocked. So he went for a ride. He was picked up; and he
4 had no prior record at all. He was committed to the Youth
5 Authority.

6 That school district, because the boy is seventeen,
7 will not re-admit him to high school because of the social
8 values, you know, but that boy tests an I.Q. of 142. And we
9 have an administrator in that area that will not re-admit that
10 child, with no prior record at all of any adverse conduct.

11 So that we have got a lot of pioneering to do every-
12 where, and I don't mean to say this with any blame on your
13 organization, but I mean it has got to be a problem where we
14 each work together. And I am certainly sympathetic toward the
15 problem. But if you can help us clean out some of these "holier
16 than thou" administrators who just aren't going to be bothered
17 with problems; they want to make a good name, you know. You
18 probably know what I am referring to. I sat there and heard
19 that case reviewed, and I just nearly died; because, in the
20 first place, of a court that would make a commitment to the
21 Youth Authority, but secondly, because of a school district that
22 won't now re-admit the boy.

23 MR. CAMPBELL: I know problems of that sort have
24 occurred in Berkeley, and we do try to handle them, I assure you.
25 These boys of that age we are not concerned about in the dis-
26 cussion Mr. Olson and I brought to you; we are concerned about

1 pre-delinquents. Because you have the Youth Authority to handle
2 boys of that type. We try to get them earlier.

3 ASSEMBLYWOMAN DONAHOE: This boy is not schooled for
4 a job. The schools won't take him. He is not going to be idle
5 twenty-four hours a day and stay out of mischief. As long as
6 he has been condemned as a criminal, he will probably earn the
7 title now. That is our problem, and we have got to solve it on
8 an administrative basis as well as legislative, and we are
9 probably equally guilty.

10 There is the possibility of something -- and I hesi-
11 tate to use the word because of the federal implication and I
12 don't mean it in that sense -- of something like the CCC camps.
13 If we can get away from the twenty-four hour school, which runs
14 shudders down our backs, and get away from the CCC, which also
15 runs shudders because of the synonym with federal aid -- if
16 that type of program can be picked out and if it can be re-
17 vamped and screened and tooled and geared to this year's needs,
18 can it be a solution?

19 MR. CAMPBELL: I quite agree it would be necessary, if
20 we can dream up a better title some way or other. But the
21 James Ranch in the Santa Clara County is the sort of thing we
22 have in mind -- that is, with older boys -- if we can do a
23 similar job with the young boys.

24 ASSEMBLYWOMAN DONAHOE: Do you think, with the Peace
25 Officers and other organizations you mentioned, you could come
26 up with some idea on paper, Mr. Chairman, to present that might

1 have all the earmarks of the training that was given in the CCC?

2 CHAIRMAN BRITSCHGI: I think we have this almost
3 developed in San Mateo County.

4 ASSEMBLYWOMAN DONAHOE: Can you bring it before this
5 committee and knock off the twenty-four hour school, so we don't
6 inherit a fifty percent betting loss?

7 MR. OLSON: Yes.

8 ASSEMBLYWOMAN DAVIS: I do feel that Miss Donahoe did
9 make a point here that was very well taken, and I could cite an
10 example without using any names. In a particular family there
11 were four children in the family, but they were foster children
12 given to this foster mother by the Welfare, by the County Wel-
13 fare. Because she was protecting these children and they were
14 problem children to start with, she was being criticized and
15 chastised by the School Administrator, that she was not a healthy
16 situation in the community -- without checking into the problem
17 at all. He didn't even know they were foster children. And
18 she was fighting for these children, and the School Administra-
19 tor was fighting against her and even turned her over to the
20 Police Department. After the thing was resolved, his face was
21 quite red, I might say. But I do think we have an educational
22 problem as far as the school administrators are concerned
23 definitely, because I really don't feel that they want, some of
24 them want to be bothered. And I have always been of the opinion
25 that we need more counseling in the schools, and there are many
26 points that I feel very strongly about, as far as our educational

1 system is concerned, and that happens to be one of them. I
2 feel very strongly that the school people are not doing every-
3 thing they could relative to the welfare of the child.

4 I find that some school people are teaching because
5 of the salary. It is a job. It isn't the interest of the child.
6 I mean, they are not actually teachers at heart. It is a job.

7 MR. CAMPBELL: Well, we are so interested in guidance
8 in Berkeley that we are trying to do something about it. We
9 have four social workers, a psychologist, a consulting psychia-
10 trist, to work on this thing, to help us out. But we see, in
11 spite of the fact that people talk about the child should be in
12 the home, there are homes referred to that you have got to take
13 care of the children some other way. Counseling and guidance
14 doesn't do it.

15 ASSEMBLYWOMAN DAVIS: I wish I could have your support
16 in a very important factor that would have terrific assistance
17 as far as children are concerned, and that is the development
18 of the recreational areas, because if the children have a place
19 to go where you can leave them to adjust themselves, in areas
20 where they can fish and hunt and those things, they won't be
21 asking for other problems that they face in cities themselves.

22 MR. CAMPBELL: Too bad we don't all live in Plumas
23 County.

24 ASSEMBLYWOMAN DONAHOE: I was anxious that Mr. Olson
25 and his several groups come forth with that, not only for this
26 committee but with the possible intention of bringing it in

1 January before the joint committee. It may take a period of
2 two years, but at least if we are working toward a goal, ulti-
3 mately that might be incorporated in the recommendations of the
4 joint committee; because they are real concerned with what is
5 the legal length in school, seventeen or eighteen. And if we
6 dump them or expel them at sixteen and a half, labor can't take
7 them, in the first place because of the job shortage and in the
8 second place because of no skills; so what are they going to do,
9 sit in the gutters, that type of thing? So that is one of the
10 areas. And with the impact of twenty-seven lay people all over
11 California, with the seven senators and the seven assemblymen,
12 you might get an aroused citizenry.

13 MR. OLSON: I think your point is very well taken,
14 Miss Donahoe, and I wish to say this: The educators, as Mrs.
15 Davis said, have probably not lived up to some of it.

16 ASSEMBLYWOMAN DONAHOE: We all have. But you can help
17 us solve that. You know, if you cite these instances enough in
18 areas the message, I find, gets back very rapidly, and that is
19 a very effective way to self-discipline; because I have planted
20 the seed and almost before I get home the message will be
21 delivered to Garcia.

22 MR. OLSON: There is another factor, too. The Youth
23 Authority and the juvenile judges are now recognizing that
24 maybe consultation services, from individuals, Welfare people,
25 and so forth, may help this whole situation, and this is develop-
26 ing through the Governor's Advisory Committee.

1 ASSEMBLYWOMAN DONAHOE: Mr. Chairman, Mr. Olson might
2 be informed about our hearing in Perkins on November 18th.
3 Maybe he will have something to bring to that group for legis-
4 lation.

5 MR. OLSON: Mr. and I were conversing
6 before the meeting, and we have this very much in mind. Thank
7 you very much.

8 CHAIRMAN BRITSCHGI: Has anyone else anything to bring
9 before the committee? I would like to say this, as we are clos-
10 ing out this particular committee, that it has been a pleasure
11 to work with you on the committee, and I know from my own stand-
12 point that I certainly learned a lot about the problems of
13 housing school children, and I personally want to thank each
14 and every one of you for attending the meeting.

15 This meeting this morning was the climax by the State
16 Department in their cooperation and in their report. And, I
17 think that, as has been suggested, we will now work with Mr.
18 Marshall in drawing up some legislation that will be forwarded
19 to you for your comments and your approval as we near the
20 session in 1959.

21 I want to thank all of you folks for appearing with
22 us today and helping us out and giving the committee your
23 thinking, and that is what we are after. We are trying to
24 assimilate all the thoughts of a lot of people in the State of
25 California to try to solve this particular problem. We don't
26 guarantee to solve it in a year or two, but certainly we are

1 going to attempt to get on the road and on the right road.

2 So thank you very much, and with that I will declare
3 the meeting adjourned.

4 (The meeting was adjourned at 12:40 p.m.)
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REPORTER'S CERTIFICATE

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This is to certify that I, William M. Castle, a Certified Shorthand Reporter, was present at the time and place the foregoing proceedings were had and taken before the Assembly Interim Committee on Education, Subcommittee on School Districts' Construction Funds, held in Room 39, 150 Oak Street, San Francisco, California, on October 22, 1958, and that as such reporter I did take down said proceedings in shorthand writing, and that thereafter I caused the shorthand writing to be transcribed into longhand typewriting, and that the foregoing pages beginning at the top of page 1 to and including line 4 on page 88 hereof, constitute a true, complete, accurate and correct transcription of the aforementioned shorthand writing.

Dated this 10th day of November, 1958.

William M. Castle
Certified Shorthand Reporter